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*Insurance Company • CHICAGO*  
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*Where's  
my  
Daddy?*



**Firemen's Insurance Company of Newark, N. J.  
The Girard Fire & Marine Insurance Company  
National-Ben Franklin Fire Insurance Company  
The Concordia Fire Insurance Co. of Milwaukee**

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Loyalty Group  
INSURANCE**



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HE wanted to *buy* insurance—not have it sold to him. He didn't want Accident and Health—said so many times. But you sold him, finally. You thanked him, too.

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★ ★ ★

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*"Consult your Agent or Broker  
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Doctor or Lawyer"*

# **U.S.F.&G.**

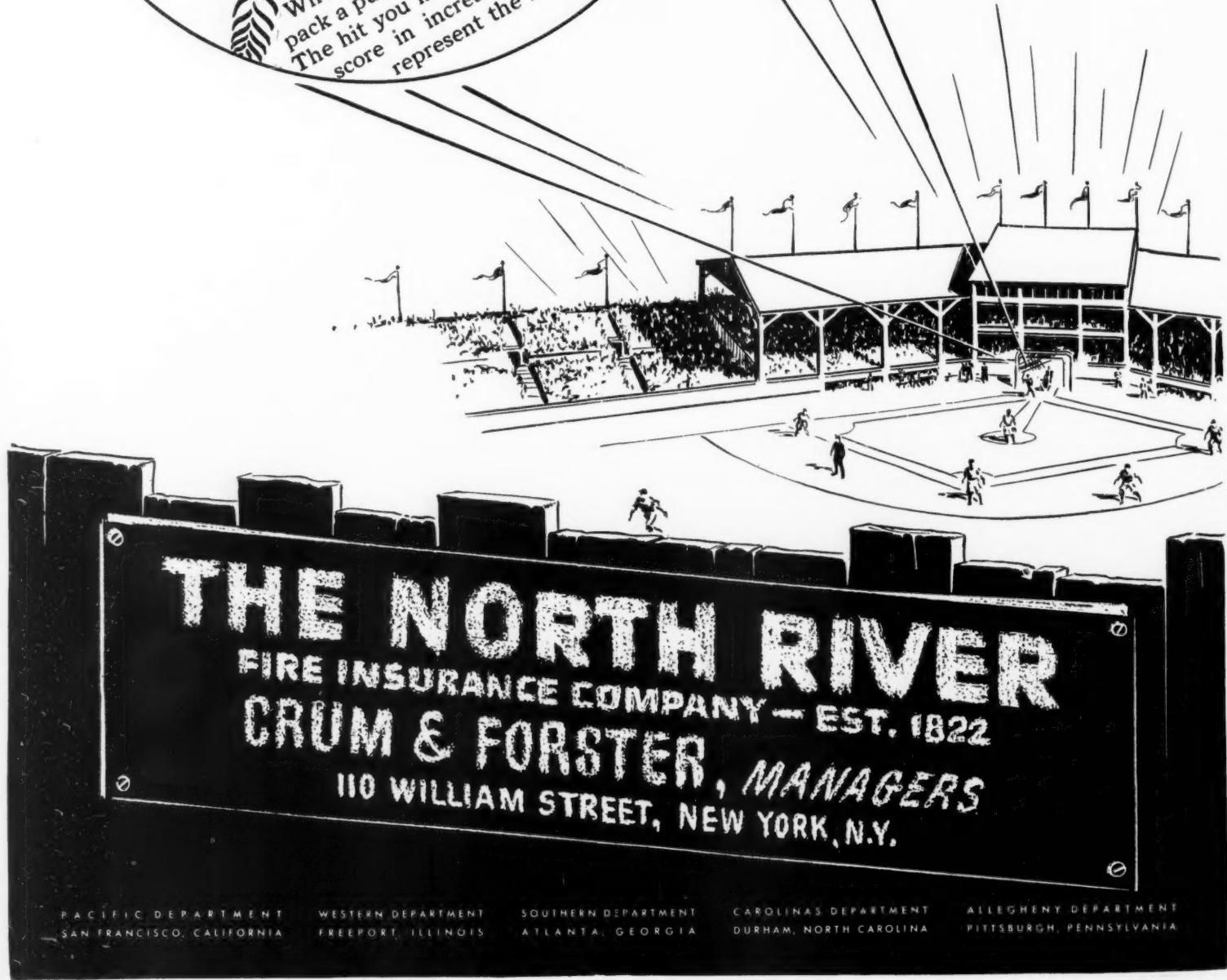
UNITED STATES FIDELITY AND GUARANTY COMPANY

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HOME OFFICES: BALTIMORE

To watch the performance of big league ball teams is a real thrill. Skilful pitching, perfect fielding, timely hitting, the occasional home run all contribute to make baseball the nation's pastime. But perhaps the most important factors are teamwork and cooperation—no baseball club can attain success by depending solely upon the brilliance of an individual star. By strict adherence to these principles, the North River has attained prominence in the fire insurance business. Our agents are the pitch stars, who secure the policies and represent them to the Home Office. The Branch Offices play their part by occupying the bases, while the fielders—our Special Agents make their important contribution. When it is their turn to "go to bat," they pack a punch that means a hit and a score. The hit you make with your assureds will score in increased sales when you represent the North River.



# The NATIONAL UNDERWRITER

Forty-third Year—No. 37

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, SEPTEMBER 14, 1939

\$4.00 Per Year, 20 Cents a Copy

## Hearings Ended in Missouri Rate Case

### Federal Court Master Hears Witnesses at Two Kansas City Sessions

KANSAS CITY — That insurance company officials and their attorneys did not know the real purpose for which the late C. R. Street collected \$100,500 in 1935 and 5 per cent of companies' impoundings in 1936, was again indicated at hearings in the Missouri rate case conducted here by Paul V. Barnett, special master of the federal court.

Following testimony from 10 witnesses, seven on Thursday and three on Monday, attorneys for the insurance department—Charles L. Henson, Lawrence Holman, and Frank Hollingsworth—rested, as did attorneys for the companies—W. M. Bullitt, D. A. Murphy and Homer H. Berger. Judge Barnett was scheduled to present his analysis of the testimony to the federal court here Oct. 1.

#### Witnesses Number 96

The witnesses who appeared here brought the total for the series of hearings held in Chicago, New York, Hartford, St. Louis and Kansas City to 96. Those appearing in Kansas City Thursday were Ray B. Duboc, president Western Fire of Fort Scott, Kan.; G. N. Gardner, vice-president Merchants Fire of Denver; Russell D. Hobbs, secretary subscribers actuarial committee, Chicago; J. Lester Parsons, president Crum & Forster, New York; W. Ross Mc Cain, president Aetna Fire; Harold Warner, U. S. manager Royal, and Paul Terry, manager Missouri Inspection Bureau. On Monday appeared B. M. Culver, president America Fore companies; Edward W. Elwell, U. S. manager Royal Exchange, and Homer H. Berger, attorney for the companies.

#### Tactics of Inquisitors

Only slightly did these witnesses alter the picture the hearings already had developed of the settlement of the Missouri fire rate case in 1935 and 1936. There seemed to be no question, at the end of the hearings, that insurance company executives were kept completely in the dark by Street as to his use of the special funds he collected "for legal expenses" to be used in the settlement of the case. Mr. Berger, the companies' attorney, did not even know of the existence of the special Street funds until U. S. District Attorney Milligan took action early this year against former insurance Superintendent O'Malley and T. J. Pendergast, who are serving terms in Leavenworth for evading tax on income received in connection with the settlement.

Here as elsewhere the effort of the

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## Agents' Future Rests on Economic Justification

WERNERSVILLE, PA.—Sidney O. Smith of Gainesville, Ga., chairman executive committee National Association of Insurance Agents, represented that body at the Pennsylvania meeting this week. He said that the agents neither seek nor expect preferential treatment as they are fully conscious that their future must rest upon economic justification and nothing else. A surprisingly large number of consumers in this land, he said, belong to that much abused group known as middlemen. Real progress, he said, must be constructive and any process that starves the thing upon which it feeds is the appetite of self destruction. Consumer capacity to buy and pay alone creates and maintains consumer demand. The welfare of the middle man, the modern distributor in the economic life, he said, is essential to the prosperity of all.

#### Attacked on Three Sides

In the classification of middle men is found the local agent. To many observers, Mr. Smith said, at the present time his business is being flanked and attacked on three sides. He faces a challenge from government, from consumer cooperatives, from big business. When his own taxes are used unfairly to compete unequally with his lawful occupation, Mr. Smith said, he questioned the wisdom of silence. Mr. Smith said, "Our concern lies in the discovery that not one but many department heads of the federal government, either think they have the constitutional right to enter the insurance business with few or any of its obligations and none of its lawful observances, or that they can successfully set up a substitute for insurance with moneys levied in part upon the institution of private insurance itself." In Mr. Smith's opinion, the time has come to stand up and fight. "Make it a business," he said, "to know your lawmakers and through them insist upon your right to conduct your lawful business free from government competition by whatever name its attempted compulsory plans be called."

#### See Significance of Movement

Some agents and some companies, he said, have grasped the significance of the consumer cooperative movement as applied to their business. W. O. Wilson of Richmond, Va., ex-national president, he said, pioneered the way in pointing out the latent dangers of this movement. B. P. Carter of Richmond, general agent, took up the banner and has carried it along brilliantly.

He referred to a claim of some of the cooperatives that they can sell insurance at from 25 to 30 percent less than stock companies because they do not have to pay agents commissions. Many people believe this. He urged his audience to combat this insidious force as hurtful not only to one's business but to the general economic welfare. Private enterprise, he said, has aimed to keep in touch with trained methods of selling and distribution. Direct writing, direct dealing with brokers, unnecessary and expensive pools, production branch of

fices and setups designed to coerce premiums away from their normal flow have yet to reflect economies of operation or produce lower cost to the average producer, Mr. Smith opined. Such practices, in his opinion, are well calculated to lower the income and weaken the prestige of the large body of agents who have earned and should receive unqualified company support. There are signs here and there, he said, that private enterprise in some fields has seen the light and is making a practical application of the lesson learned.

#### President Albert's Report

H. M. Albert of Stroudsburg, the president, gave the report of the administration. He announced that there is a thorough and complete understanding between his organization and the state insurance department. The coordinating committee had much to do with the appointment of Commissioner Taggart. He said that some members criticize the organization for devoting too much time to legislative work and yet he considers that highly important. Agents who do not belong to the organization, he said, have participated in the benefits and yet they have paid nothing for what they received. He said some agents think that the automobile premiums are now down to such a level and the commissions so low that it does not pay to make an active solicitation for this business.

#### Roy A. Duffus' Address

Roy A. Duffus, well known local agent at Rochester, N. Y., secretary of the James Johnston Agency, is one of the most popular speakers at agency meetings. In discussing streamlining insurance, he said three points must be considered—the part the companies and other groups play in aiding agents in serving the public, the agents' part in educating themselves and methods by which agents must acquaint the insuring public as to the importance of the American agency system in safeguarding the lives and property of citizens. The wise agent, he said, builds his house on the solid rock of capital stock fire and casualty companies. Commissions must be adequate to cover proper servicing of risks. Capital stock companies, he said, provide many valuable services in addition to financial stability. The field men, he said, should be used to the advantage of agents. Their service is very valuable. Today agents must be qualified and have a thorough knowledge of their business. Their agencies should be conducted efficiently.

#### Advice to Local Boards

He advised local boards to conduct round table meetings. Educational conferences should be held at least once a week in every agency, no matter how small it may be. Classes on the fundamentals of the business should be conducted during the fall and spring by local and county boards. Insurance trade papers should be read consistently. One or more should be assigned to each

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## Rates for War Risk and War Vandalism Forms Announced

### 20% Increase for New Malicious Form, Some Classes Higher

NEW YORK—The Explosion Conference has established rates for the new "broad" vandalism and malicious mischief endorsement, which includes physical damage caused by agents of warring governments, at 20 percent above the present vandalism and malicious mischief schedule, with special rates for a few classes. The new "limited" endorsement, which specifically excludes vandalism of this type, takes the present rates.

The conference also published rates for the new war risk and bombardment policy and issued a number of new and revised manual pages covering the various rule situations developed by the new forms.

#### Some Special Hazards

The present malicious damage rate schedule runs from 5 cents to 50 cents for most risks, with cleaning and dyeing plants taking a rate of 75 cents and vacant property \$1.50. The special classes set up by the new rules take rates of either 25 cents or 50 cents for the broad vandalism cover, with the old published rates still applying for the limited form. Among the risks in the new special class are aircraft plants, munitions plants, chemical and drug risks, radio broadcasting properties and shipyards, which take the 50 cent rate and automobile plants bridges, power plants, flour mills, grain elevators, gasoline plants, railroad properties, sugar refineries, telephone exchanges, tunnels, waterworks and the like, which take a rate of 25 cents. These rates are considerably higher than the charge for limited coverage for such risks, being three to four times as high in some cases.

Although no announcement has come from any of the fire insurance rating organizations about similar vandalism coverage in connection with the extended coverage endorsement, action is expected in the near future. It is understood that all the leading jurisdictional organizations have this step under advisement.

#### War Risk Zones

As indicated last week, there are two territories and two classes of occupancy for the new war risk and bombardment contract. This policy covers in the United States only and includes fire and explosion as a result of war, bombardment, military aircraft and similar perils.

The high rated zone 1 takes in Alabama, Arizona, California, Connecticut, Delaware, Florida, Georgia, Louisiana, Maine, Maryland, Massachusetts, Mis-

(CONTINUED ON PAGE 12)

## Competition Seen Through the Eyes of a Field Man

**Dean Perry of Minnesota Points Out Some Important Elements**

Dean Perry of Minneapolis, state agent of the Fire Association, in his talk on "Competition" before the Iowa agents said that problems of this nature could be classified in two general parts, one, which is principally within the control of local agents and another which carries the responsibilities of the companies. They are inter-related to an extent. It is encouraging, he said, to find constantly increasing cooperation between the two groups.

In referring to the cooperative system, he said that if some other system would be better in the long run than that of private enterprise or capital stock insurance then one could hardly afford to waste time in upholding the latter. The underlying principles of capital stock insurance, he insisted, have earned a notable record in the business. They are sound and true. Capital stock insurance has felt the effect of the many changes, many of them drastic, but it has adapted itself to them, Mr. Perry said. "Our business is affirmatively responding to the demands of competition. This shall always be the only effective answer to any competitive problem." He asserted that the only real effective answer to the competitive problem is to rise to its demands. Then it follows that people in it must continually improve the quality of their service.

### Tells of Radiated Confidence

Speaking of the local agent, he said, "The insurance policy which you deliver is inarticulate and the very insurance security which it affords is intangible. The companies themselves are generally removed from the insuring public. Therefore, so far as the buyer of insurance is concerned you, as agents, are the institution of capital stock insurance personified." Whatever an agent does or fails to do reflects on the capital stock system. The buyer always responds to the influence of the agent. Mr. Perry referred to this as "radiated confidence," that is, an uncompromising belief in what he sells.

Mr. Perry touched on the price problem, believing that a good part of the difficulties have been due to the growth of habit on the part of insurance buyers to which the insurance people themselves have largely contributed. It is necessary all the time, in his opinion, to improve the general quality of agency value. The agent must approach the buyer on the basis of satisfying his need for security. Insurance people, he insists, must not sell mere insurance policies. An agent is a dealer in security. He should uphold all the time standard protection.

### Justifying Price Differences

"Show a man how to prevent or reduce a possible loss," he said, "and an agent of this kind will have gained respect and confidence in a manner which is both decisive and right." The buyer, he said, should think and act in terms of insurance security rather than in

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**Dean Perry**

## Entertainment Plan for the Convention Features Announced for National Association of Insurance Agents

There will be a number of entertainment features at the convention of the National Association of Insurance Agents in Boston the week of Oct. 2. C. H. Watkins of Boston is chairman of the entertainment committee. The entertainment for the get-together dinner on Tuesday evening of convention week is to be furnished by the Boston and Old Colony. Ruby Newman and his dance orchestra will provide the music. On the next evening the Massachusetts Bonding will be host and will conduct a New England festival at the Statler Hotel. A lobster dinner is the main attraction. On Thursday evening plans are being completed for the "Boston Tea Party." The ballroom of the hotel will be converted into a scene of a ship's deck of 1770 vintage. There will be an old-fashioned Boston baked bean supper. Entertainment is to be provided by the Metropolitan chorus of 60 male voices. The members will be dressed in the street costumes of 1770.

E. B. Bane, Providence, is chairman of the golf committee and accommodations are being provided at some of the golf clubs for delegates. A golf tournament will be held Friday of convention week.

### Plans for the Ladies

Mrs. F. C. Church, Jr., and Mrs. Gerald Henderson are acting as co-chairmen of the ladies committee. On Tuesday afternoon the women will be taken on a sightseeing tour of the city and vicinity. There will be an afternoon tea and reception in the Boston Museum of Fine Arts. On Wednesday afternoon the visiting ladies will see one of the first performances of George Abbott's new show, "Too Many Girls," which is a Rodgers and Hart musical. A big day for the women will come Thursday when they will start early for a drive to Manchester-by-the-Sea. After a luncheon they will be taken to the Essex Country Club.

Members of the executive committee and ladies, together with the official staff, will be entertained Sept. 30 at the Harvard Club in Boston by the Boston local agents. A formal dinner will be held which will be attended by prominent convention guests and members of the various committees. A. H. Black-

## THIS WEEK IN INSURANCE

Rates for war risk and bombardment cover and for warlike vandalism insurance announced by Explosion Conference. **Page 3**

At two sessions in Kansas City, ten witnesses were heard by the federal court master in the hearings in the Missouri rate case, thus bringing to a close the series of hearings. **Page 3**

Annual meeting of the Pennsylvania Association of Insurance Agents is being held this week at Wernersville. **Page 3**

T. S. Brown of Perth Amboy has been elected president of the New Jersey Association of Underwriters. **Page 5**

Minnesota agents reelect H. A. Levant president and revise constitution at annual meeting. **Page 5**

Oregon agents elect G. W. Haerle president. **Page 5**

Entertainment features for the convention of the National Association of Insurance Agents are announced. **Page 4**

How will war affect fire insurance stocks? **Page 11**

Dean Perry, Minnesota state agent of the Fire Association, speaks before the Iowa Association of Insurance Agents on "Competition." **Page 4**

Iowa agents meet at Mason City, H. C. Brown is elected president. **Page 16**

## Report Published That McNairn Will Soon Leave Office

TORONTO, ONT.—The Toronto "Evening Telegram" states that "resignation of H. D. McNairn as Ontario superintendent of insurance was reliably reported at Queen's Park.

"It is expected that W. J. Scott, Ontario fire marshal," the story reads, "will assume his duties and that the two departments will be more or less merged.

"The fire marshal's office is maintained by the insurance companies and works closely with them. It is understood, therefore, that Mr. Scott could conveniently direct the affairs of both departments which are responsible to the attorney-general. Attorney-general Gordon Conant said he was unable to make any announcement on the change at present."

### Announcement Forthcoming

When asked if he could confirm or deny the report, Mr. McNairn stated to THE NATIONAL UNDERWRITER that the attorney-general had suggested such a change in the Ontario superintendent's office during the last session of legislature. He added, however, that the topic had not been revived until a few days ago but confirmed the fact that such a change has been discussed and an official announcement may be forthcoming within a few days.

Ontario Fire Marshal W. J. Scott when asked if he could make a statement said "Its all news to me."

Mr. McNairn was recently elected president of the Association of Insurance Superintendents of the Provinces of Canada.

### Will Fight Fantastic Plan

SAN FRANCISCO—Stating that under the Thursday plan, tax on insurance premiums in California will be 5.6 percent if the plan is adopted Nov. 7, a life underwriters meeting is called for Thursday to organize an aggressive campaign to help defeat the measure. The insurance brokers also will have a meeting the same date to coordinate activities and to send all members out on a personal campaign.

ington will give a lecture on the "New England Hurricane." On Sunday afternoon members of the executive committee and their ladies will go on a sightseeing tour of the city, followed by a buffet supper at the Algonquin Club.

## Changes in War Risk Quotations Are Mercurial

**Marine Underwriters Compare Notes Several Times Daily to Reach Decisions**

NEW YORK—For the fourth time within two weeks war risk cargo rates on vessels flying British, French or Polish flags have been increased. The latest advance, announced Tuesday, was 50 percent over that in force the previous day.

In view of the lightning changes in the war situation, marine underwriters meet almost daily, and at times several times a day to compare notes.

One present difficulty encountered is their inability, because of cable censorship, to give names, destination and cargo character of vessels upon which they desire partial reinsurance from foreign markets. No carrier abroad will assume liability upon any risk in the absence of such information.

Another problem of the underwriters is uncertainty as to what may happen to the merchant marine of now neutral countries, should any of the belligerent nations commit acts of aggression that would force neutrals to enter the conflict.

### Raise Hull Limits

War risk insurance will be written on any hull in amount up to \$1,000,000 regardless of the amount of marine insurance carried on the hull, it was announced by the American marine insurance syndicate "C."

Previously, war risk cover was limited to the amount of marine insurance carried. In determining the war risk rate, however, consideration will be given to the service in which the vessel is used and also to the cargo carried.

It is reported by cargo underwriters that a good demand still exists for war risk insurance, though the heavy rush experienced in the past month and one-half is not being duplicated.

### Despard Issues Warning

C. S. Despard, president Insurance Brokers' Association of New York, in a circular letter to members, calls attention to the New York law which prohibits "the unauthorized placing of insurance on maritime ventures which would, of course, include war risk insurance. Therefore, our membership is cautioned to bear in mind that it is unlawful to place any binder, cover note, policy, or any other evidence of insurance, except on the application and in the name of some person or persons having a bona fide reasonable expectation of acquiring such an interest."

### Will Honor J. W. Stevens

SAN FRANCISCO—The Blue Goose, Kiwanis and Lions Clubs are sponsoring a luncheon with the convention of the International Association of Fire Chiefs, Sept. 21, when the chiefs organization will honor Jay W. Stevens and rededicate the Jay W. Stevens disaster unit recently presented to the city of Portland.

A. C. Burnham, 71, one of the country's authorities on marine insurance law, and until his recent retirement senior member of the law firm of Burnham, Bingham, Pillsbury, Dana & Gould in Boston, died at his home in Newton Center, Mass.

# Four Agents Associations in Session

## Public Relations Is Dominant Note at Minnesota Meeting

**Levant Is Renamed President—Constitution Revised**

### OFFICERS ELECTED

President—Harry A. Levant, Eveleth. Chairman—Arthur Hirman, Rochester.

Executive committee—Ward Senn and L. E. Hadlestad, Minneapolis; L. D. Engberg and J. M. Hannaford, St. Paul; H. E. Reynolds, Duluth; E. F. Westrum.

BRAINERD, MINN.—Public relations will be one of the major activities of the Minnesota Association of Insurance Agents the coming year if its members take to heart the messages drummed into their ears at the two-day annual meeting here. Wellington Potter, Rochester, N. Y.; George Tee-sion, Alexandria, Minn.; R. W. Forshay, Anita, Ia., and other speakers stressed the need of an effective public relations program by individual agents, their boards and by the companies.

Several progressive actions were taken. The association's constitution was modernized; a statewide campaign was voted to increase the sale of automobile insurance, and it was recommended that the executive committee consider employment of a parttime secretary to develop further the organization and its membership.

### Only Three to Be Elected

Under the revised constitution only the president, chairman and members of the executive committee will hereafter be elected by the membership. The 12 district vice-presidents were abolished and in their place 12 district chairmen will be elected by the executive committee which also will elect the executive secretary-treasurer. The office of secretary was abolished. Standing committees, heretofore elected by the membership, will in the future be named by the executive committee.

Frank S. Preston, Minneapolis, for the past few years national councillor, has been agreed upon as the new executive secretary. R. M. Thompson, who resigned that post after a service of seven years, was warmly applauded for his work.

### Action Taken in Resolutions

The association went on record as favoring: Reasonable agents' qualification law and license regulation; replacing of commission reduction made on safe driver reward policies; better rates and broader coverage for preferred classes of business and allowing of five year premiums on desirable lines payable in annual installments. Conferences between companies and agents regarding changes in policies and rates before making them effective were urged.

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Frank S. Preston

## Fowler New Head of Montana Agents

**Annual Convention at Butte Draws Attendance of 100—Driscoll Presides**

### NEW OFFICERS ELECTED

President—C. R. Fowler, Lewistown. Vice-president—Peter Yegan, Billings. Secretary—Arnold Huppert, Livingston.

More than 100 registered for the annual meeting of the Montana State Association of Insurance Agents at Butte. President P. J. Driscoll of Butte presided. Mayor Hauswirth of the host city extended a welcome. The response was given by B. H. Jennings of Anaconda.

Mr. Driscoll in his report stated that the association had made great strides during the year.

H. F. Gardner production manager of Commercial Union at San Francisco, gave an address on inland marine and all risks insurance.

### Report of Irvine Bennett

Irvine Bennett of Missoula, reporting as chairman of the casualty committee, said that members of the committee frequently conferred with the casualty managers association. After the reduction of auto liability and P. D. rates was put in effect, a meeting was held in Helena with the company group. Decision was reached to appeal to the agents to seize the opportunity that was presented to increase the sale of automobile insurance.

Reports were made on business development by S. J. West of Billings; fire prevention, P. J. McGreevey; life underwriters' contacts, C. R. Lowery, Great Falls; safety, T. B. Miller, Helena, and rural agents, K. W. Haviland, Deer Lodge. R. G. Wright gave a report on the Montana casualty executives association and E. E. McMahan reported as national councillor. At the afternoon session of the first day there was an executive period.

Then at the open meeting S. L. Carpenter, Jr., of San Francisco, manager of the Pacific Board, gave an address.

### Board Is Responsive

Mr. Carpenter said that the board is responsive to new conditions that call for changes of rules and regulations. He told what could be expected in Montana from the operations of the Montana Audit Bureau that was recently created.

At the conclusion of the first day's meeting, the conventioneers and their wives went to the Reau Chalet for a cocktail tea.

At the second morning session W. H. Menn of Los Angeles, president National Association of Insurance Agents, gave an address. Other speakers included John J. Holmes, insurance commissioner, Jack O'Rourke of the Butte office of the Fire Companies Adjustment Bureau, who spoke on casualty adjustments.

Lou Boedecker, chief of the state highway patrol, stated that in 1934, when the patrol was organized, there were 214 automobile accident deaths in the state. In 1938 the number was only 143, of which 85 occurred on state highways. Since the patrol has been in effect, 1,539 cases of drunken driving and 1,768 cases of reckless driving have been prosecuted in state courts.

That afternoon sightseeing trips were taken which included an inspection of

## Haerle Is Named Oregon President

**Surplus Line Brokers Association Urged—Ask Comprehensive Liability Form**

### NEW OFFICERS ELECTED

President—George W. Haerle, Portland. Chairman executive committee—Mark A. Goldy, Medford. National councillor—Ward H. Coble, Bend.

BEND, ORE.—George W. Haerle, Sexton & Co., Portland, was elected president of the Oregon Insurance Agents Association at its annual meeting here. Resolutions included a re-



GEORGE W. HAERLE

quest to the National Bureau of Casualty & Surety Underwriters that a comprehensive liability form be approved in Oregon; early formation of a surplus line brokers association to check business of non-admitted companies, and commendations of Commissioner Earle's and special agents' cooperation. A resolution on the activities of Lloyds was tabled for redrafting.

Some 200 agents and field men were present. President Ward H. Coble, Bend, opened the initial session. C. G. Reiter, city manager of Bend, extended greetings. He said his and other cities are considering self insurance because of high rates.

D. E. Beard, president Special Agents Association, pledged continued cooperation. He admitted that the city self-insurance threat was a serious one and that a defense must be worked out.

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the Anaconda-Leonard mine. A bridge luncheon was held for visiting ladies and that evening there was a dinner at the Golden Fan at Meaderville, with James H. Rowe of Butte as toastmaster. The speakers included Commissioner Holmes, Mr. Boedecker, Ray Shannon, state treasurer; Mr. Carpenter, Clyde Oakes of the Fire Companies Adjustment Bureau, Mr. Menn and Mayor Hauswirth.

Among company officials who attended the convention were George E. Stroub of New York, assistant secretary of Home; R. L. Countryman, coast manager Norwich Union, and president Pacific Board, and C. L. Barsotti, vice-president Fire Association.

## New Jersey Agents Hold Successful Annual Gathering

**State Body Has Pulled Away from Stereotyped Convention**

### OFFICERS ELECTED

President—Theodore S. Brown, Perth Amboy.

Secretary-Treasurer—William F. O'Brien, Passaic (reelected).

National Councillor—Alan V. Livingston, Englewood (reelected).

Executive committee—H. M. Farrow, Red Bank, chairman; W. J. Waldron, Trenton; Alfred Christie, Hackensack; S. J. Shuttleworth, Atlantic City; W. B. O'Gorman, Newark; W. H. Spiegelberg, Jersey City; H. D. Holmes, Summit; G. G. Chesney, Paulsboro.

By GEORGE A. WATSON

ASBURY PARK, N. J.—A feature of the annual convention of the New Jersey Association of Underwriters that proved so informative and generally interesting it will certainly be found on future programs was "Insurance Information Please" questions propounded from the floor and answered by a selected group of experts in fire and casualty lines. Prof. L. J. Ackerman served as master of ceremonies. The submission of "trick" questions being strictly barred, the inquiries all dealt with problems likely to be encountered by agents in the course of their everyday work. Elucidation proved distinctly helpful.

### Followed a New Road

The New Jersey association some years ago cut away from the former stereotyped convention form, presentation of reports by officers and standing committees, and the hearing of set addresses by outside speakers. Instead it followed the sensible course of having all reports printed in full through the columns of its house organ, well in advance of meeting dates, not only conserving time at the meeting, but allowing members to be fully posted and be in position to seek further light on any point in which they were especially concerned, or which was not made wholly clear in the printed message.

### Getting the Outside View

Another sensible move has been the securing of speakers from outside insurance ranks—men in different industries in position to view the business of underwriting from a detached standpoint and to suggest means whereby insurer and insured may be benefited through a closer knowledge of the problems of the other.

If attendance at the latest annual meeting did not quite equal that of the previous year, it was not due to any lack of interest in or sympathy with the work of the organization. Rather should it be construed as a feeling by the members that in the hands of the administration and the standing committees the issues of the local agents are carefully conserved. In case of need the membership as a whole may be relied upon to give prompt and efficient help should they receive a call for aid.

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## NEWS OF THE COMPANIES

### First National to End Guarantee; Increase Capital

First National, running mate of General of Seattle, is increasing its capital to \$500,000, effective Oct. 1, and \$250,000 is being added to surplus. This will bring the surplus to policyholders to about \$1,000,000.

At the same time the reinsurance arrangement between First National and General of Seattle is being terminated. The present reinsurance agreement and guarantee of General of Seattle, carried on the First National policy, will be removed and First National will hereafter retain a certain amount of business for its own account.

#### Business Was Entirely Reinsured

Heretofore First National's business has been entirely reinsured by General and First National has had no premium reserve. At first the maximum net retention of First National on any one

risk will not exceed \$2,500. The premium reserve will be built up very slowly.

President H. K. Dent states that complications have arisen from time to time because of the arrangement that is now being terminated. In some places the two companies have not been operating in the same manner, General having a competitive advantage that is not followed by First National. Also at times, according to Mr. Dent, policies of First National have not been accepted by loaning institutions because the company was judged solely by the capital without consideration of the guarantee by General.

### Paramount Fire Writing in Texas

DALLAS — The Paramount Fire is now writing business in Texas, having been licensed a few days ago. Owen M. Murray of Dallas, board chairman, was designated attorney for service.

While it has been announced that the agency setup in Texas has been com-

pleted for some time, no designation of agents at various points in the state has been made. It is learned there probably will be no general agents in Texas and few, if any special agents.

It is understood the company plans no agency plant at San Antonio or Houston at present, due, it is reported, to alleged controversies among agents in those cities. The company, it is reported, plans to accept no business from those places, no matter how it is offered.

Other states in which the company has just been licensed include Oklahoma, Missouri, Indiana and South Carolina, it is said.

#### WILL NOT JOIN PARAMOUNT

DALLAS — The report that R. W. Thompson, member of the agency of Kirkpatrick-Thompson Company here and past president of the Texas Association of Insurance Agents, would leave Dallas and become special agent for the Paramount Fire in Oklahoma is erroneous. "I have no intention of leaving the local field or Dallas," said Mr. Thompson. "Through many years of hard work, Mr. Kirkpatrick and I have built a nice local business and I expect to retain that business."

#### NO DECISION IN TENNESSEE

NASHVILLE, TENN. — Commissioner McCormack says he is not ready yet to say what he will do about licensing the Paramount Fire. The application for license has been in his hands more than a month and prior to that a hearing was held on alleged violations of state insurance laws by Paramount.

Licensing of Paramount Fire on the basis of the proposed agency setup would plant more than one agency in Chattanooga, which has a one-agency rule, and would bring a vigorous protest from the Chattanooga Insurance Exchange.

W. E. Harrington of Atlanta and E. E. Murrey of Nashville recently conferred here with various persons in regard to the matter.

#### Grant to Assist H. P. Whitman

Harold M. Grant, who has been appointed to the new position of general agent for the southern department of Phoenix of Hartford, will serve at the head office as assistant to Vice-President Henry P. Whitman. Mr. Grant has been located at New Orleans as Louisiana and Mississippi state agent for Phoenix. He went with the organization in 1928, as Texas special agent.

#### Emergency Office Arrangements in London

The "Review" of London has published in condensed form a statement of the emergency office arrangements that have been made by insurance companies. The notations that are included for companies that are operating in the United States are:

Commercial Union—emergency arrangements have been made; no decision to remove until outbreak of hostilities.

Employers Liability—already in occupation of emergency head office at 7, Christchurch Place, Epsom, Surrey.

General Accident—contingently to 8/10, Station Road, Reading.

London Assurance—a large proportion of the head office staff removed to 4/10 Clarence Road, South, Weston-super-Mare, but head office and all London branches remain open until further notice.

North British & Mercantile—temporary offices at Newlands Park, Chalfont street, Giles, Bucks., to which all accommodations should be addressed. Head office and London branch offices temporarily closed.

Norwich Union—London offices will be closed for 48 hours, thereafter a skeleton staff only.

Pearl Assurance—Documents have been removed to other premises; no ar-

#### According to

### PHIL

By Phil Bramff  
Insurers Indemnity &  
Insurance Co., Tulsa



Gentlemen:

I was just sitting here looking at a drink of very good Scotch whisky. I poured it out with the intention of quaffing it to the delight of my palate and the irritation of my gastronomical equipment and as I sit here contemplating the hoist, I become engrossed with the conflicting effects of the amber liquid. Should I consume the potion, my troubles will lessen and my pencil will become more glib. My tired body will respond and most of the worries of the day will vanish. I will think of pleasant things and will feel so good that I will take another little nip. Then I will really begin to feel my own strength. I will wax sentimental and will do a Ferdinand, sniffing the flowers of self-tossed bouquets as I lounge under the cork-tree of self-appreciation. I will think of things I am going to do tomorrow—big things! I will swell with importance and deflate with one hiccup. I will be a big shot. I will slay my enemies and reward my friends. I will grieve over the abuse the world has given me and execute the revenge in no uncertain manner. Then, after a few hours, I will realize that a few hours have been wasted and I'm just three hours late on a program that was hard to start with, in addition to which I will have a headache and bad taste.

If I resist the impulse to toss off the gulp, I will be denying myself a swallow of comfort. I will proceed with the annoying routine of making a living and analyze the mistakes of the day just ending. I will admit my weakness and concede the evil. I will gaze at the tools of debauchery and wince at my own fear. I will condemn and give no quarter to intemperance.

If I take the drink, it will do me no good. If I resist the drink it will be no good. Hey!—who took that drink I poured out!

PHIL.

rangements at present have been made for the removal of the chief office.

Sea—Skeleton staff in London in the event of the outbreak of war.

Sun—Have acquired premises out of London, but for the present are still operating from London.

Yorkshire—All communications now to Southlands Hotel, Littlehampton, Sussex.

## Enroll Now!

### INSURANCE INSTITUTE COURSES

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FEE Including year's membership in the Insurance Club of Chicago \$10.00

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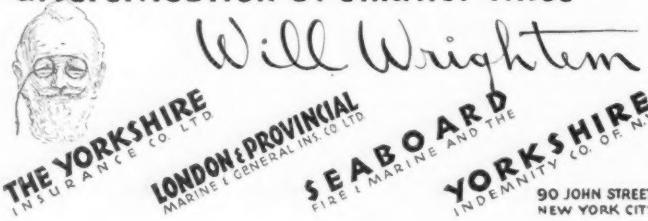
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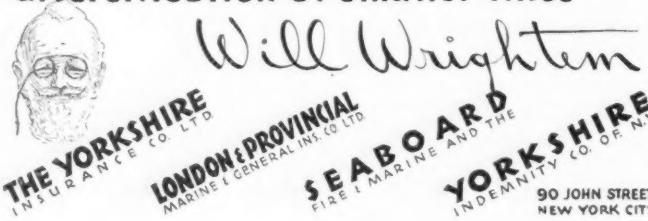


### Don't be Deceived by Illusions

Too much attention to the larger risks can result in wasteful indulgence of valuable time. It is our hope to encourage the agent to build with diversification of smaller lines



Will Wrightem



90 JOHN STREET NEW YORK CITY

## Convention Program of Kansas Agents

The complete program for the annual convention of the Kansas Association of Insurance Agents to be held in Hotel Jayhawk, Topeka, Oct. 18-20, was announced.

### Wednesday, Oct. 18

Registration.  
Golf—Topeka Country Club, 1 p. m.  
Complimentary dinner 6:30 p. m. for state association executive committee, past presidents, life members, Topeka Insurors as host.

Smoker, 8 p. m., roof garden, Preferred Fire of Topeka as host; golf prizes awarded.

### Thursday, Oct. 19

#### First Convention Session.

Call to Order, President Alex H. Case, Marion, Kan., presiding.

Welcome, Robert Kane, president Topeka Insurors.

"The American Way," H. O. McIntosh, Topeka, state agent Hanover Fire.

"Insurance Premium Financing," W. A. Barrett, First Bancredit Corporation, Kansas City.

Appointment of committees.

Presentation of field men's membership prizes.

Report of national councillor, Glenn Hussey, Topeka.

"Marine Insurance," F. J. Shields, Chicago, manager marine department National Union Fire.

Report of Business Development committee, Howard Fullington, Wichita.

Open forum, conducted by Dwight Smith, Wichita, and Ray B. Duboc, president Western companies of Fort Scott.

Luncheon Conferences:

"A"—Rural and Farm Agents, V. G. Henry, Wichita, chairman rural agents committee.

"B"—Agents from Local Board Cities, "What a local board can do to promote the business of its members," Cheney Prouty, chairman, Kansas City.

Complimentary luncheon, Insurance Women: "Office Methods," panel discussion, led by Miss Josephine McDonald, Kansas City, Kansas City F. & M. Topeka Insurors as hosts.

Complimentary luncheon and bridge for visiting ladies, Topeka Insurors, hosts.

### Afternoon

"Our National Association," W. H. Menn, immediate past president National Association of Insurance Agents.

Commissioner C. F. Hobbs of Kansas, "Streets of Gold," D. C. Campbell, Chicago, credit manager American Fore companies.

"The Financial Responsibility Law," D. J. Fair, chairman state highway commission.

"Public Relations," C. J. Fitzpatrick, secretary United States Fidelity & Guaranty.

Presentation of state association for most significant service for the business of insurance by a local board, F. T. Priest, donor.

Banquet, A. H. Case, presiding.

Breakfast—Women.

Report of legislative committee, S. H. Reynolds, Kansas City.

Report of rural agents committee, V. G. Henry, chairman, Wichita.

"Insurance School," Glenn Hussey, Topeka.

Report of luncheon conferences.  
Report of resolutions committee.

Unfinished business.

New business.

Report of nominating committee and election of officers.

## Hartford Fire Field Men Are Honored

PITTSBURGH—Members of Pittsburgh's insurance fraternity gathered at a luncheon Sept. 11 to honor L. R. Titworth, special agent for the Hartford Fire, who has resigned to return to his early home in Montrose, Pa., and George Heldmann, special agent for the Hartford Fire who has been transferred to the home office.

Mr. Titworth was presented with a home desk set and Mr. Heldmann with an office desk set. Paul J. Mullen, of the Phoenix Assurance, president of the Field Men's Association of Western

Pennsylvania, presided. The Hartford Fire work here will be taken over by R. N. Tripp, transferred from Harrisburg.

### Ohio Farmers Golf Outing

The annual golf tournament of the men in the home office of Ohio Farmers was held on the Westfield Country Club course in LeRoy. Ten foursomes participated, teams being the reds and the blues. The day's events climaxed with the chicken dinner at Westfield Inn. The after dinner program was in charge of President F. H. Hawley. Felicitous re-

marks were made by Mr. Hawley; Vice-president C. D. McVay; Assistant Secretary G. S. Valentine. Secretary J. C. Hiestand presented the awards. The trophy prize was awarded to Paul Wertenberger.

### See New Demand for Tobacco, Cotton Coverage

NEW YORK—An unusually large tobacco crop, plus the withdrawal of important British and French buyers from the market, will result in heavy storage of the product, calling for in-

creased coverages from fire companies. Tobacco in warehouses is deemed a desirable line of business for the carriers because of the absence of moral hazard, all losses being paid upon the basis of market quotations on the day of fire. As cotton has now been declared contraband, the quantity now held will be largely increased once the new crop has been fully harvested.

**Charles A. Hinkle**, 62, Cincinnati local agent, died in General hospital as the result of a cerebral hemorrhage shortly after he collapsed in the building where his office is located. Mr. Hinkle has been in the insurance business 15 years.



## For Eighty-Six Years

the AGRICULTURAL has been in the business of reimbursing American men and women for damaged property that had been insured under our fire, marine, or automobile policies. As a firm supporter of the American Agency System, we are proud of our "Standard Protection" and it is our aim to provide it in the most satisfactory manner to both agents and policy buyers.

During all these years, we have likewise been in the business of making friends. Agents tell us that we are easy to get along with. Certainly we try always to deserve our nickname "Friendly Folks."

One factor that has helped materially is our field staff. Our men measure high in training, experience, and desire to cooperate fully. Their average length of service with the Agricultural Group is over 15 years. They know local agents' problems and are ever ready to help find a sound solution.

### Here are the men . . . and their business addresses:

HOWARD C. ANGER Rm. 915, 75 Maiden Lane, New York City	H. E. MILLER Abell Bldg., Baltimore, Md.
J. E. BOURCY 109 Stone St., Watertown, N.Y.	WHARTON MITCHELL 719 Stovall's Prof. Bldg., Tampa, Fla.
JIM BRENT 1721 Republic Bk. Bldg., Dallas, Tex.	STUART MORGAN 523 Sunset Lane, East Lansing, Mich.
N. B. BROWNE Box 383, Atlanta, Ga.	JOSEPH MOTTET 422 Walnut St., Philadelphia, Pa.
R. D. CONSTABLE 305 Heffernan Bldg., Syracuse, N.Y.	G. A. NYGREN Brandeis Theatre Bldg., Omaha, Neb.
R. E. EISERT Seventeen Court Street Bldg., Buffalo, N.Y.	R. C. PARKER 41 Pearl St., Boston, Mass.
J. V. FARMER 477 Congress St., Portland, Me.	G. C. PEACOCK 741 No. Milwaukee St., Milwaukee, Wis.
E. B. FRALEY 223 American Bldg., Richmond, Va.	WILLIAM RARDIN 826 Union Commerce Bldg., Cleveland, Ohio
E. S. FREEMAN Brandeis Theatre Bldg., Omaha, Neb.	E. R. SEAVER 1101 Keystone Bk. Bldg., Pittsburgh, Pa.
J. J. GARLAND Rm. 801, Essex Bldg., Newark, N.J.	C. W. SHERWIN Rm. 1006, Sharp Bldg., Kansas City, Mo.
WALTER C. HOWE, JR. Rm. 915, 75 Maiden Lane, New York City	T. E. SNELLING 133 Brevard Court, Charlotte, N.C.
E. C. JESSUP 1105 Home Svgs. Bk. Bldg., Albany, N.Y.	L. E. TANNER The 129 East Market St. Bldg., Indianapolis, Ind.
H. H. LANDON Box 675, 44 Vernon St., Springfield, Mass.	A. F. TURTON 801 Essex Bldg., Newark, N.J.
J. D. LATEER 227 Rialto Bldg., Peoria, Ill.	H. W. YANKEE Rm. 1006, Sharp Bldg., Kansas City, Mo.
WILSON LIVELY 33 No. High St., Columbus, Ohio	PAUL ZOELZER 900 Northwest Bk. Bldg., Minneapolis, Minn.

On your next knotty problem, call our nearest representative. It is our confident hope that as they come to know these men better, more good agents will want to work with them.



MEMBERS OF THE NATIONAL BOARD OF FIRE UNDERWRITERS

## Public Relations Featured at Brainerd

(CONTINUED FROM PAGE 5)

Opposition was voiced to compulsory automobile insurance or state fund insurance; appointment of non-policy writing agents; production branch offices in competition with local agents, and finance insurance written by automobile dealers.

A. A. Hirman, membership chairman, reported an all time high of 643 members, a gain of 100 since Jan. 1. An aggressive membership drive will continue.

### Prevention Campaigns Get Results

Ward Senn reported that the safety and fire prevention campaigns are getting results. In Minneapolis, where there is a fire prevention survey under way, the number of fire calls have been reduced 57 percent in those districts surveyed so far. He said the safety campaign is entitled to some of the credit for a reduction of 22 in the number of traffic fatalities in Minneapolis so far this year.

Lower windstorm and auto rates in the rural areas are giving rural agents their best chance in 10 years to get farm business, said Francis McGovern, chairman rural agents committee. He conducted a breakfast round table on the problems of rural agents. R. W. Forshay, national executive committeeman, participated. He praised the spread of the rural fire patrol in Minnesota as one way to cut down "the terrific farm fire loss."

### Four Success Factors

George R. Teeson, Alexandria, Minn., president Insurance Federation of Minnesota, cited four dominate success factors: advertising, prospecting, selling and collecting. In selling he said the agent should stress first, the company, second the policy, third his agency and fourth the cost of the insurance.

Warm tribute was paid P. H. Ware, Minneapolis, who has served several years as secretary-treasurer. Under the new setup this office is abolished.

Social affairs in connection with the meeting included a luncheon given by the Insurers Association of Brainerd, the annual dinner at the LaGoyal club, followed by dancing, a luncheon for the women and a golf tournament.

### Act Through Retailers

In a 2½-hour talk Wellington Potter, Rochester, N. Y., ripped into the capital stock companies and their agents for what he termed their weakness in effective advertising and public relations. They are permitting, he said, competitive systems and the cooperative movement to undermine not only capital stock insurance but all lines of business based on the profit system.

"The finest way to lick the cooperative movement is through retail firms and organizations," declared Mr. Potter. "Once they are made to understand that in patronizing non-stock insurance they are aiding in the eventual destruction of their own business they will line up with us."

### Full Time Secretary Inadvisable

President H. A. Levant, Eveleth, who assumed office last April when A. B. Caswell resigned to take a company connection, reported that he had tried to continue along the lines initiated by Mr. Caswell. Although the past year had brought many problems and many threats against the private insurance business, most of them were on the way to being solved. He thanked the Minnesota agents for their cooperation in protesting against the attempt of Commodity Credit Corporation to enter into the insurance business and credited the organized protest with forcing the abandonment of the plan. He urged more members to accept and carry out committee assignments, maintaining that only an enthusiastic and universally active trade association can combat the challenge to middlemen generally and insurance agents particularly.

Although the Minnesota association at the mid-year meeting went on record as favoring a full-time secretary, Mr. Levant expressed the opinion that any step in this direction would be impossible until the income of the association is increased. An examination of trade associations indicated that an annual income of \$12,000 is necessary for proper and fruitful functioning of the full time secretary and it takes about three years for a paid secretary to increase membership sufficiently to cover the additional expense, even with enthusiastic support. The National Association of Insurance Agents takes about 48 percent of the present \$7,000 income of the Minnesota association and consequently, in spite of the undoubted need, Mr. Levant recommended that the matter be postponed until the association's income is close to the required amount and it has a substantial reserve in the treasury.

### Fears Federal Control

Referring to the inquiry into the life insurance business by congress, President Levant said: "Dispatches from Washington indicate other branches of insurance are likely to come under investigation. There seems to be an undercover attempt to place insurance under federal regulation and we as local agents should watch developments closely."

He mentioned especially the growth of cooperatives and the aid the federal government is giving them. "It behooves us to give more time and thought and action to political matters," warned Mr. Levant. "We cannot afford to permit indifference to policies to jeopardize the interest we share in common with everybody identified with business under the profit motive."

### Welcomes Auto Reductions

The recent downward revisions in automobile rates has improved the competitive situation of capital stock company agents, Mr. Levant said, but added: "There are indications the rates are incompatible with experience and we can look for increased rates in local areas. However, we are hopeful the improvement in traffic accidents will be sufficient to obviate the necessity for increases. Certainly we should oppose rate increases unless it can be shown there is absolute necessity for such action. We as local agents can contribute materially if we will intensify our efforts to procure more business and thereby develop a large volume in the ranks of the 70 percent of uninsured. This would contribute to ending the clamor for compulsory automobile insurance and would enable the stock companies to spread their experience over a large number of vehicles and thus favorably affect rates." He noted with approval the adoption of retrospective rating for workmen's compensation in Minnesota.

President Levant favored an intensified membership campaign and a broad public relations program. He urged members to push capital stock insurance among farmers. He endorsed the rural fire patrol system for Minnesota.

### Address of R. W. Forshay

R. W. Forshay of Anita, Ia., member of the executive committee of the National Association of Insurance Agents, asserted that the emblem of the National Board, "Standard Protection," is symbolic not only of the services and achievements of the stock companies but of the service that the National association and each state association has rendered to local agents and to patrons of insurance. He said it is alarming that today movements exist to destroy the profit system that has afforded such an excellent measure of standard protection.

The potential forces that are available for service to agents was indicated dramatically, he said, in the successful work that was done in overturning the

program of the Commodity Credit Corporation to set up a self insurance scheme.

At the forthcoming Boston national convention, Mr. Forshay said further consideration will be given to the project to bring forth a proposed uniform agency licensing and counter signature law. Another subject to which the committee will devote much of its time will be Paramount Fire, he said.

Under careful consideration at present is the assistance the National Association can lend to the establishment of an educational program.

## BRAINERD SIDELIGHTS

**Louis Pellen** of Pellen & Peilen, St. Paul and Minneapolis, who seldom misses a Minnesota Association of Insurance Agents' meeting, was among the first of the local agents to reach Brainerd. He stopped off at Little Falls for a little chat with Warren Gibson, local agent there.

**Clarence Brown**, of Rochester, past president of the Minnesota association, spent the entire Labor Day week at Pine Beach hotel, a lake resort near Brainerd, driving in each day to attend the agents' sessions.

**Three hotels**, all within a block of each other, housed most of the agents and company men. A few put up at nearby lake resorts. General headquarters were at the Ransford hotel. General sessions were a block away at the Elks auditorium. Association officials were quartered at the Elks hotel in the same building.

**T. J. Gronewold**, St. Paul local agent, who has not missed a state meeting for 12 years, thinks the members owe it to their association to turn out once a year and give it their moral support.

A committee of the **Brainerd Insurers Association** assisted in making the meeting a success. Its members were William Graham, Harry Minteer, G. W. Chadbourne, William Opsahl, R. R. Gould, John Chadbourne, George Tracy, Vernon Hitch and E. W. Wise.

Many of the local agents and field men were accompanied by their wives and special entertainment were provided for the women by a committee of Brainerd women headed by **Mrs. William Graham**. A luncheon was given for the visiting ladies at Pine Beach hotel, followed by golf, bowling and bridge.

**Roy Nienhauser** of the R. M. Neely Co., St. Paul, and A. H. Stoffe of the Ocean Accident, shivered in the 100 degree weather at the Iowa agents meeting Thursday, and Friday they shivered in the 55 degree temperature at Brainerd.

The agents gave a rousing vote of appreciation to **R. M. Thompson** for his seven years' service as executive secretary-treasurer. His resignation was announced at the meeting.

### Haerle Is Named President of Oregon Agents Group

(CONTINUED FROM PAGE 5)

President Coble reviewed the activities of the past year. Due to his illness a considerable burden fell upon the shoulders of James T. Goodman, chairman of the executive committee.

Although there had been presented a number of adverse bills at recent legislative session, due to good work of special legislative committee none had been passed.

As a result of the assistance of Oregon Conference Committee closer contacts had been made possible between the agents and stock company heads, Mr. Coble said. He criticized automobile finance companies and the licensing of their agents. High commissions enabled finance companies but with continued watchfulness this practice must and will be eliminated.

Mr. Coble urged that the association "go after" those who violated the laws, especially the non-admitted insurance carriers, as their continued nefarious operations result in loss of tax revenue and desirable business.

The insurance department's sincere efforts were commended by Mr. Coble. He urged that the commissioner continue efforts to prosecute any violations.

Within the past two years some 2,000 part-time agents had gone out of business, thus enhancing the business of the legitimate agents.

The executive committee is making plans for creation of a school of insurance to be administered by state department of higher education, and a fund of \$1,000 will be set aside to care for preliminary organization and other expenses. The school of insurance will be handled through class work in the Portland extension division, correspondence and radio.

The need of new members in the organization and reinstatement of the old members was stressed by Mr. Coble. There is now great need of a paid secretary.

Following the trout breakfast put on by the Bend Chamber of Commerce, an increased number gathered for the second day's deliberations. In the enforced absence of James T. Goodman, chairman executive committee, Earl S. Tumy, Medford, presided.

### Use of Surveys Discussed

C. M. Marshall, San Francisco, assistant manager Aetna Fire, who has covered four conventions during the past three weeks, spoke on "Speaking of Surveys, Why Not Survey Yourself?"

C. S. Filler, Portland, special agent American Surety, discussed the new discovery bond, and why it has such a strong appeal to employers. He stressed its wide coverage and the retroactive feature.

In his talk on "Rating Problems," C. F. Wagner, Portland manager Oregon Insurance Rating Bureau, said that fire rates which have been as high as \$1.52 are down to 64c as a result of improved fire protection.

Many reasons were given by Julius E. Finke, Jr., Portland manager for Swett & Crawford, why agents should "Sell the Comprehensive Liability Program."

In a talk on "The Perfect Triangle," W. G. Rich, assistant manager Royal-Liverpool group, and president of Oregon Conference Committee, said the triangle of the company, agents and rating bureau must and would be maintained, and thus the public would be protected. "Each side is an entity within itself, each must do its share, and then there will be no gap in the perfect triangle."

At the annual banquet F. R. Prince, Bend, was toastmaster. Commissioner Earle discussed insurance department affairs.

The convention closed with an informal dance and presentation of golf prizes and installation of new officers.

### Urge Sale of Comprehensive

Mr. Finke described comprehensive liability coverage and urged agents to offer it to all eligible prospects. The contract discussed by Mr. Finke covers all personal injury liability except aircraft, product and employers. Product liability can be added by endorsement. It also covers automobile property damage liability and other property damage coverage can be included. It is not restricted to liability for accidental injuries and thus covers assault and other borderline cases which have caused trouble in other contracts. It makes no distinction between liability imposed by law and that assumed by contract. It is written freely, except for assured with a malpractice bond other than incidental to the main business and for contractors, the latter because the contractual liability hazard for such risks is uncertain. It is not written where the premium is small because the unknown hazards cannot always be determined by careful survey and a reasonable premium is necessary to take care of these. Premium charge is based upon the regular charges for the known exposures, with a 1 percent additional charge for the comprehensive coverage. A charge is made only for such liability policies as an investigation reveals the assured should carry. The policy automatically covers any additional vehicle or operations which the assured may undertake.

with an audit at anniversary or expiration to allow for any return or additional premium.

An advantage of the comprehensive policy, Mr. Finke said, is that it is not necessary to cancel any existing coverages, since they may be allowed to run to expiration, with a pro rata credit under the comprehensive contract. Selling this contract gives the agent control over the entire liability line, and frequently results in an increased premium, because it covers exposures which the assured had not insured up to that time, gives the agent an entering wedge into the assured's business and makes certain that there will be no gaps in the assured's coverage.

#### Address of W. H. Menn

W. H. Menn of Los Angeles, president National Association of Insurance Agents, in his address "Further Milestones Along the Path to National Solidarity," asserted that national unity in insurance is more necessary than ever due to the war situation. Future uncertainties can best be met through organized effort, he declared. Insurance should analyze the probable effect the new order will have on its future conduct. Mr. Menn said that the agent should feel comfort in the fact that he has a strong trade organization to look after his interests.

Adequate funds should be provided to finance an enlarged program of activity all along the organization front, he declared. Every state association should pay the expenses of at least one delegate to the National convention and should send at least one "ambassador of good will" to conventions of adjoining state associations. Sectional meetings should be held, taking in two or more state associations and traveling expenses of the officers should be borne by the state association. Each member should religiously pay the proper amount of dues, according to his true premium income.

#### Field Man Urges Salesmanship

T. B. Thompson, Portland, special agent North British, spoke on "Looking into the Mirror of Tomorrow." He said stock insurance men are well supplied with educational material and B. D. O. broadsides against the "Big Devouring Ogre"—the mutuals and reciprocals—but he felt that too much energy has been expended in trying to run down the enemy and not enough spent in boosting stock company products. He advocated more attention to salesmanship and sales psychology, saying that many insurance men are too prone to study the contract and learn everything they can about the coverage, but to give no thought to selling it. Instead in waiting for the "good old days" to return, which they will not, he urged the agents to go out and meet competition with salesmanship, to learn everything possible about their prospective client's businesses and personalities, to talk their language and to sell them on modern methods of servicing and analyzing their insurance needs.

Special agents are not "traveling entertainers," Mr. Thompson declared, but mostly excellent salesmen, ready and willing to be of constructive assistance, and no agent should fail to take full advantage of the services at his disposal.

#### New Jersey Agents Hold Successful Annual Meeting

(CONTINUED FROM PAGE 5)

President H. D. Holmes of Summit, who during his term of office proved one of the most aggressive and intelligent officials the Association has had for many years, will be among the speakers at the annual convention of the National association in Boston next month. A stock company man in every fiber of his being, Mr. Holmes suggested at the second session that serious consideration be given the suggestion that the New Jersey Association make membership in the organization contingent on repre-

senting stock companies only, rejecting application from any who represent non-stock as well as stock companies in their offices. He declared that condition existed in a number of instances, noting particularly that one of the association members had been elected president of the recently formed mutual agents' association in this state. While there was no discussion as to this suggestion, it is undeniably true that many members favor it, contending that no agent can properly serve two masters.

Under the guidance of A. T. Riedel, a rural agents' forum was held, the speak-

ers being C. C. Schmelz, local agent at Somerville; J. T. Lansing of the Firemen's group, who has had considerable experience in underwriting farm risks both in the south and north, and L. A. Watson, expert rater of New Jersey. Mr. Schmelz complained of the chiseling practices indulged in, largely by brokers of New York City and Philadelphia. The most effective means of combating the evils recited, in his opinion, was for agents to keep in close touch with their clients and be in position to promptly counter any fallacious argument the chiselers may present.

Mr. Watson declared that commercial as well as farm risks in rural communities hold problems not encountered in urban centers, and that local men could perform a valuable service to both companies and assured by advising the latter as to steps that might be taken to reduce the fire hazards and so lessen the premium rate.

Short talks were given in turn by S. J. Shuttleworth of Atlantic City, the "All Important Survey"; by W. T. Ashby, Newark, on "Fidelity Bonds"; W. S. Dearden, deputy commissioner depart-

(CONTINUED ON PAGE 13)

## FIRE PREVENTION WEEK • OCTOBER 8-14



Illustration from National Board of Fire Underwriters' 1939 poster

★ To the insurance man Fire Prevention Week offers not only an opportunity to render a public-spirited service to his community but also to pay goodwill calls upon clients and prospects, with specific suggestions and active cooperation in planning specific Fire Prevention Week programs.

It is of particular importance to urge industrial and commercial concerns to conduct special Fire Prevention Week check-ups of their premises. For that purpose the National Board of Fire Underwriters has prepared special self-examination blanks. These blanks are obtainable upon application to the National Board, but for your convenience all A.D.T. offices have been supplied with these blanks and you

may have them on request without charge or obligation.

A.D.T. also will be glad to cooperate with you in any way possible in pointing out hazards and preparing suitable protection recommendations, as well as suggesting arrangements whereby your prospects and clients can obtain more effective protection at less cost by revising less effective but more costly protection measures.

This year as in the past, the A.D.T. organization is pledged to cooperate in every manner in this annual effort to reduce the nation's fire losses. For any cooperation we may be able to give you, do not hesitate to get in touch with the A.D.T. office in your city—or write to our executive offices at 155 Sixth Avenue, New York.

### A.D.T. ELECTRIC PROTECTION SERVICES

Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO. 155 Sixth Avenue, New York, N.Y.  
CENTRAL STATION OFFICES IN ALL PRINCIPAL CITIES OF THE UNITED STATES



## NEWS OF FIELD MEN

### Changes Made in Farm Field Setup of America Fore

Several changes and additions to the farm department field force of America Fore are announced.

Special Agent D. V. Scott, who has had the northeast Indiana field with headquarters at Anderson, has been transferred to Wisconsin where he will supervise the southern section with headquarters at Madison. Mr. Scott has served as special agent for Continental in Indiana for 15 years and is well and favorably known.

Carroll E. Antle has been appointed special agent for the farm department in Ohio, taking the place of Special Agent E. M. Letcher who was transferred a few months ago to west central Illinois. Mr. Antle was formerly in the local agency business in Indiana but for the last several years has represented the Farm Credit Administration in Kansas with headquarters at Lawrence. He will now be located in Columbus.

S. G. Boyer has been appointed special agent for the farm department in Indiana and will supervise the northeast section. He was formerly a local agent and has done some field work for the farm department in both Indiana and Ohio. Mr. Boyer resides in Marion, which will be his field headquarters.

L. B. Rogers of Bloomington, who has served as special agent in charge of southern Indiana for Continental for 19 years, has been designated as Indiana state agent for the farm department.

### Alabama Field Men Name Darling as President

BIRMINGHAM, ALA.—E. G. Darling, Birmingham, special agent Aetna Fire, was elected president of the Alabama Fieldmen's Association at the annual meeting in Birmingham. Other officers are: Vice-president, L. W. Stynchcombe, Fireman's Fund; secretary, B. A. Gibson, Home of New York.

The new executive committee includes R. S. Greer, New York Underwriters; H. H. Sands, Royal; Walter H. Lemmond, Norwich Union; W. G. Ward, Brame, Ward & Hancock; Harry Haynes, Crum & Forster, and Homer Howell, American of N. J.

R. S. Greer, retiring president, was extended a vote of thanks for his services the past year.

### To Confer with N. M. Agents

DENVER — The Mountain Field Club, at its first fall meeting, appointed a special committee to work with the recently appointed committee of the New Mexico Association of Insurance Agents toward the friendly settlement of differences between the two groups. Members of the Field Club committee are: W. L. Braerton of Braerton, Simonton, Brown, Denver; Richard White, L. & L. & G., and Phil Kingsley, Fireman's Fund, Albuquerque.

Herbert Fairall, president Colorado Association of Insurance Agents, invited the field men to attend the agents' convention in Denver and stressed the need for harmony all through the business.

### Baldwin W. Va. State Agent

J. G. Baldwin has been appointed state agent of the Automobile and Standard of Hartford for West Virginia, succeeding W. J. Buggy, who is now state agent for the District of Columbia and Maryland.

Mr. Baldwin is a native of Virginia and a graduate of the University of Richmond. He has been special agent of the Virginia Fire & Marine at Syracuse, N. Y., since June, 1937. He will make his headquarters in Wheeling.

### Fire Association Makes Changes in N. Y., N. J., Ohio

The Fire Association group announces several field changes.

E. P. Wilbur, 3rd, who has been with the group for a number of years, traveling in Connecticut, Massachusetts and more recently in eastern New York with headquarters at Albany, has been appointed special agent for Essex and Hudson counties, N. J., with headquarters in Newark.

W. D. Williams, Jr., who has been assistant to State Agent G. L. Coates in northeastern Ohio, becomes special agent at Albany to succeed Mr. Wilbur. W. B. Hammond, who has served in various departments at the home office, succeeds Mr. Williams in the Ohio field.

### Go With Central Manufacturers

Central Manufacturers of Van Wert, O., has appointed C. R. Nelson special agent for Minnesota and Iowa with headquarters at Mason City, Ia., and V. S. Tracey as special agent for Washington and Oregon, with headquarters at 213 American Bank building, Portland. Mr. Nelson was formerly examiner and assistant superintendent of the survey department of the Great American and later managed a general agency in Chicago. Mr. Tracey started in San Francisco in 1922 as an underwriter for Fireman's Fund and later served as special agent of the Royal and Automobile. He was a partner in the agency of Neville & Tracey, 1934-39.

### Heehler Is Superintendent

M. A. Heehler becomes superintendent of the Cook county, Ill., fire department of Pacific National Fire in Chicago. He has been in fire insurance work 18 years, all in that city, working up to examiner with Providence Washington. In 1937 he went with Corroon & Reynolds, becoming counterman and resigned to go with Pacific National.

### Reinhackel to San Antonio

H. G. Reinhackel, who has been Louisiana special agent of the America Fore, with headquarters at New Orleans, has been transferred to San Antonio as special agent for southwest Texas, with offices in the Milam building. J. F. Gregg, who has been temporarily in charge of the San Antonio office, will return to his regular duties in Houston.

### Rain Dampens Law Party

MINNEAPOLIS—A rainy afternoon Monday interfered with the golf party arranged to precede the testimonial dinner for Louis L. Law, newly-elected grand keeper of the Blue Goose. However, field men from all parts of the territory gathered to honor Mr. Law at the dinner at the Country Club.

### Storey Resigns Ohio Post

L. C. Storey, Ohio state agent of the Globe & Rutgers, has resigned as of Oct. 1 and the business of the company in that state will hereafter be handled by E. P. Gustafson, state agent the American Home. Mr. Storey is one of the old-timers in the western field, with the Hartford and Great American, and was at one time at the home office of the Frelinghuysen group in New York.

### Flood Resigns as Ohio Wielder

Bernard F. Flood, Royal-Liverpool, Columbus, who has been wielder of the Ohio Blue Goose since 1925, except for two or three years, has resigned. His resignation will be acted upon at a meeting and supper in Columbus Oct. 2. At that time reports of the grand nest meeting will be presented. Some time ago H. F. Alberschardt of the Western

Adjustment was elected assistant wielder and it is believed that he will be named to take Mr. Flood's place.

### Goetzinger in New Post

E. P. Goetzinger, formerly special agent of the Century for Oklahoma and Kansas with headquarters in Oklahoma City, has become special agent in Texas for the Indiana Lumbermen's Mutual, with headquarters in the Great National Life building, Dallas.

### McCurdy to Employers on Coast

W. L. McCurdy has joined the Employers Fire in the Los Angeles branch office as special agent. For the past three years he has been in similar position with the Los Angeles office of Edward Brown & Sons, and previous to that time spent several years with the Pacific Board.

### James with N. Y. Underwriters

L. M. James has been appointed special agent for the New York Underwriters in Los Angeles, succeeding the veteran J. M. Wallace, who retires after 20 years' service. Mr. James some years ago was special agent for the Security of New Haven, and then spent some time in the investment security business. Recently he has been with Chapman & Co.

### Kansas Meetings in Topeka

The Kansas Blue Goose held an outing and golf tournament followed by a stag banquet at the Topeka Country Club Monday. The September meetings of the Kansas Fire Underwriters Association and Kansas Fire Prevention Association were held in Topeka Tuesday.

### F. B. I. Man Los Angeles Speaker

LOS ANGELES—Forty members of California Blue Goose at the initial dinner of the fall season, heard R. B. Hood, head of the Los Angeles office of the F. B. I., give a general picture of that organization.

E. E. Hensley, past most loyal gander, reported on the grand nest meeting.

### Slawson Goes to Head Office

M. W. Slawson, special representative special service department Royal-Liverpool groups for Ohio and Kentucky, at Cleveland, has been transferred to the special service department at the home office in New York. Mr. Slawson has been in the Ohio field for a number of years and is a graduate of the University of Kansas. He was tendered a dinner at Cincinnati at which B. T. Duffey, Cleveland manager for the groups, presided.

### Missouri Meeting Sept. 20-21

The Missouri Fire Underwriters Association will hold a meeting at the Missouri Hotel, Jefferson City, Sept. 20-21. H. K. Rogers, Western Actuarial Bureau, will speak at the banquet.

The Missouri Fire Prevention Association will inspect Fayette Sept. 19-20.

### Hears Grand Nest Report

John Hull, most loyal gander of the Iowa Pond of the Blue Goose, reported on the grand nest meeting at the first fall meeting in Des Moines Monday.

### NEWS BRIEFS

The dates and locations of B.D.O. meetings in Nebraska during September and October are: Sept. 20, Norfolk, Victor H. Miller, chairman; Sept. 22, Columbus, Elmer Straka; Oct. 3, Omaha, Earl V. Neuberger; Oct. 4, Auburn, J. E. Cryan; Oct. 19, Hastings, Harry Proffitt; Oct. 20, Kearney, H. W. Lindquist.

The Des Moines Ladies of the Blue Goose will hold their first fall meeting Sept. 22. Mrs. Abner Upham is chairman of the September luncheon.

Thomas Larkins, special agent Hartford Fire, spoke on "Fire Insurance Problems" before the Rotary Club of West Allis, Wis.

The Blue Goose Auxiliary of the Sun-

### Palmer Again Moves For Cut in Ill. Fire Rates

Insurance Director Palmer of Illinois has requested representatives of the Chicago Board and Illinois Inspection Bureau to attend a conference in Springfield, Sept. 27, to discuss possible reduction in fire insurance rates in the state. It is understood that the department contemplates seeking a reduction based on dwelling properties of 15 percent and Oct. 1 is reported as being the date upon which Mr. Palmer had intended to act.

At this conference, Mr. Palmer will probably produce the results of the questionnaire on the loss, commission and other experience that was called for last spring.

Indications are found that the companies may offer resistance to a further rate reduction in Illinois. Loss ratios in general are higher this year and the business generally has a hunch that the period of abnormally low losses is at end and that the trend is decidedly upward. With this belief has come the strengthened opposition to rate reductions.

While Mr. Palmer has been in office the companies have made several rate reductions and liberalizations of coverage.

Some predict that the Illinois department will take the position that the Chicago Board, under the Illinois rating act, has a quasi-public standing and has the power to enforce certain rules, reduce rates and take other action but that it has failed to exercise that power. The hearing Sept. 27 may go beyond the matter of rates and touch the acquisition cost situation.

Throughout the summer, Mr. Palmer has been little heard from, but the indications now are that he intends to resume his program of bringing about changes in the business, under his authority in the insurance code.

flower (Wichita) puddle held its opening fall meeting Sept. 13. Mrs. L. T. Stubbs is president and Mrs. H. L. Knisely secretary. Meetings of the puddle are being resumed Sept. 18.

The Iowa Fire Prevention Association will inspect Newton Sept. 26.

The Mountain Field Club will hold its first fall meeting at Manchester, N. H., Oct. 10, in connection with the gathering of the New Hampshire Association.

### Probe Will Stop at Life Insurance

WASHINGTON—Shortage of money will probably prevent the Securities & Exchange Commission from going beyond the life insurance business in the insurance study which it is conducting for the Temporary National Economic (monopoly) Committee. Unless the TNEC supplies additional funds—likelihood of which is regarded as remote—it is understood that the investigation of the fire and casualty end of the business will have to be confined to comparatively brief material inserted in the record, no hearings being held.

The SEC had previously counted definitely on exploring the entire insurance business.

### Big Aircraft Contract Bond

LOS ANGELES—The Great American Indemnity has executed a bond for \$2,820,000 for the Lockheed Aircraft Corporation, running to the United States government on the contract for aircraft awarded Lockheed, amounting to \$4,700,000. Of the total bond \$1,880,000 is for payment and \$980,000 for performance.

## VIEWED FROM NEW YORK

By GEORGE A. WATSON

### WAR'S EFFECT ON INSURANCE

The investment house of R. H. Huff & Co., 67 Wall street, New York, in its current bulletin attempts to answer the question as to how war will affect fire insurance stocks. It summarizes its reply by: "It depends on which fire insurance stocks are owned." The firm calls attention to the fact that during 1914-18, the fire companies experienced a large increase in premiums and made exceptional underwriting profit. It takes the Home, for example, which wrote \$31,598,247 net premiums. It earned an underwriting profit of \$6.25 per share, adjusted to present par, in 1918, against \$15,259,556 in premiums, and a profit of \$1.16 in 1914. There was increased activity, increased values and material improvement in the moral hazard. So far as foreign business of American companies is concerned, attention is called to the provision in the standard fire policy exempting companies from liability on losses "caused directly or indirectly, by invasion, insurrection, riot, civil war or commotion, or military or usurped power." War risk insurance is a separate and distinct hazard covered by an additional premium.

The investment house states that during the years 1914-18, the fire companies experienced fine increases in liquidating values. The companies did not show in their portfolios any great amount in the way of equities. The situation now is different, say Huff & Co. Practically every fire company owns some equities and in many instances common stocks comprise a substantial portion of the total assets. Should the future bring conditions in any way comparable to those of the World War period this house declares that properly selected fire insurance stocks should produce an excellent profit.

As the result of the war abroad, now

in progress, Huff & Co. say that stocks and certain commodities should increase in value. The firm believes that the United States will be in an excellent condition to take advantage of the situation following the war, because the European nations went into the World War in sound financial condition but now everyone involved is deeply in debt. Inevitable inflation is sure to follow, the firm predicts. It states further, "It would be difficult to find a more suitable investment under present conditions than the capital stock of a soundly managed, equity invested fire insurance company. These companies have experienced many wars, many financial upheavals, and how they fared is reflected in their unparalleled investment record."

### RATING COURSE IN BROOKLYN

The Marquand School of the Y. M. C. A. in Brooklyn will give a course on fire schedule rating, running from Oct. 6 to Dec. 22. H. J. Pohs is instructor in charge. Lecturers include: J. D. Waite, Crum & Forster; C. C. Dominge, Commercial Union; R. P. Arlt, R. D. Knapp and D. S. Duncombe, New York Fire Insurance Exchange; H. E. Newell, National Board; D. H. Lester, I. A. Eckert & Co.; A. N. Eagles, Hartford Fire.

### BILKEY OPENS BROKERAGE OFFICE

A brokerage office has been opened in New York at 65 Liberty street by H. E. Bilkey, formerly vice-president of the Globe & Rutgers and the Stuyvesant. Mr. Bilkey has been in insurance for 18 years and as acting president he participated in the rehabilitation of the Globe & Rutgers. Subsequently he became executive vice-president and served on the executive and finance committees. Mr. Bilkey was associated with the J. S. Frelinghuysen Corporation and had active charge of operations as first vice-president until he joined Globe & Rutgers.

## AS SEEN FROM CHICAGO

### SWANSON EXCHANGE MANAGER

R. C. Swanson, assistant manager of the Insurance Exchange building in Chicago for 15 years and acting manager for the last year during the illness of the late E. W. Rinder, was appointed manager this week. He received many floral offerings from employees and tenants, and also a fine rod and reel, gift of employees. Mr. Swanson has had about 25 years' experience in his line, starting as a boy of 17 with Aldis & Co., building management concern of Chicago. He had about two years' service overseas during the war. The policies of superior service to tenants instituted by Mr. Rinder are being maintained.

### EXAMINERS TO HEAR BABCOCK

J. T. W. Babcock, engineer for Western Factory Association, Chicago, will address the Fire Examiners Association of Chicago on Sept. 21 on "Air Conditioning as It Affects Underwriting."

Mr. Babcock has had considerable experience with air conditioning the past few years, as it is his specialty.

This is the first fall meeting of the examiners and they will get together, as usual, at 6 p. m. in DeMets Board of Trade Grill.

### SIXTIETH ANNIVERSARY

All of the stage is now set for the 60th annual meeting of the Western Underwriters Association which will be held next Tuesday and Wednesday at White Sulphur Springs, W. Va. It will be a jubilee affair, the chief feature being the anniversary banquet Tuesday evening over which S. M. Buck, western manager of the Great American, and

W.U.A. president, will preside and give a historical sketch of the organization, tracing some of its earlier achievements and summing up some of its accomplishments. The only other banquet speaker will be Prof. F. G. Dickinson of the University of Illinois, who conducts its insurance course. It is expected there will be a large attendance. The H. W. Chesley special train will leave Chicago at 1:45 p. m. Friday, arriving the next morning so that golfers will have a chance at the course for three days as the meeting will not start until Tuesday morning. From the executive office there will go Secretary C. F. Thomas, Assistant Secretaries H. W. Chesley, E. H. Born and Wallace Rodgers, and Miss Mabel Laycock, private secretary to Mr. Thomas.

### GOLDENSON ADDRESSES ADJUSTERS

Abner Goldenson, Chicago attorney, addressed the Adjusters Association of Chicago at its first fall meeting. He reviewed recent supreme court decisions as they relate to insurance adjusters and carriers. He also discussed the Illinois fire form which was adopted the first of the year, pointing out that it possibly needs some modifications because of the long period, some 25 years, that it has been in use.

### LIFE MEMBERS TO MEET OCT. 24

At a meeting of the officials and members of the executive committee of the Life Members Society of the Fire Underwriters Association of the Northwest held in Chicago Monday, presided over by W. H. Lininger of Evanston, Ill., retired resident vice-president of the

Springfield F. & M., it was voted to hold the annual meeting at the LaSalle Hotel, Oct. 24. The program will be arranged by an entertainment committee consisting of C. M. Cartwright, THE NATIONAL UNDERWRITER, chairman; Ralph Woltersdorff, Atlas; J. R. Cashel, Providence Washington, and Roy Nicholson of Milwaukee, state agent Michigan F. & M. The memorial committee consists of D. O. Stine, Reedsburg, Wis.; M. P. Vore, Glencoe, Ill., and C. F. Barnard, San Diego, Cal. There are now seven members of the Life Members group who have rounded out 50 years in the organization, they being Holger deRoode of Chicago; G. W. Blossom, Pasadena, Cal.; L. S. McMullan, Chicago; S. D. Andrus, Detroit; D. W. Redfield, Los Angeles; W. A. Chapman, Evanston, Ill.; H. T. Lamey, St. Petersburg, Fla.

### HALF YEAR RECORD IS GIVEN

The Chicago "Journal of Commerce," in a survey of the fire, wind and sprinkler leakage in Chicago and Cook county, finds that the business for the first six months this year was practically the same as for the parallel period of last year. The companies reporting, which do about 75 percent of the business in the territory, had premiums the first half of this year of \$6,598,288, which was a decline of only \$33,644 from the same period a year ago. The following results are shown for the company groups included in the survey:

	1938	1937
America Fore .....	\$52,013	\$493,530
Home .....	551,431	536,933
Royal-Liverpool .....	495,017	422,156
Firemen's .....	361,579	362,062
North British .....	331,754	334,087
Hartford .....	323,573	367,548
North America .....	317,799	326,098
Phoenix, Conn. ....	280,310	264,426
Crum & Forster .....	276,230	245,927
Aetna Fire .....	251,600	281,170
London & Lancashire .....	249,082	275,326
National .....	232,541	222,757
Corroon & Reynolds .....	210,460	198,245
Springfield .....	192,046	224,756
Great American .....	177,263	136,144
St. Paul .....	173,630	131,883
Fireman's Fund .....	157,899	136,320
Automobile .....	153,667	165,928
Commercial Union .....	139,446	136,170
Tokio .....	126,933	156,907
Glens Falls .....	123,558	130,128
Fire Association .....	122,008	119,110
Dubuque .....	121,012	135,600
London .....	120,432	114,882
American .....	119,527	175,603
Pearl .....	118,325	206,747
Travelers .....	98,442	90,092
Sun .....	90,761	98,621
Fidelity & Guaranty .....	77,294	85,803
Northern of London .....	52,656	56,953

### PETERSON MEMBERSHIP HEAD

George C. Peterson, Chicago manager of Royal-Liverpool, has been named chairman of the membership committee of the Chicago Board. New members of that committee are I. C. Faber, National Union, and J. C. Bagby, Commercial Union.

### TENANTS COMMITTEE DELIBERATES

The committee of the Insurance Tenants Association, which is negotiating with the management of the Insurance Exchange building, Chicago, held a meeting Wednesday of this week. Two or three interests that are promoting the idea of putting up new buildings to house the insurance interests were given a hearing. Charles Buresh, vice-president Fred S. James & Co., is chairman of the committee. The association takes in a considerable number of the tenants of the Insurance Exchange building. The leases in the Insurance Exchange run out in April of 1942 and the discussions that are now being held are to determine what shall be done after that date. The Insurance Exchange building management has submitted a proposal. The sentiment of the insurance interests now located in the Exchange seems to be quite definitely in favor of remaining in that distinctive building, but the tenants association is continuing to investigate various possibilities.

### INSURANCE CLUB MEETS OCT. 3

The Insurance Club of Chicago will resume its monthly meeting schedule

## New Mexico Agents Program Prepared

The complete program for the annual convention of the New Mexico Association of Insurance Agents to be held Sept. 22-23 at Franciscan Hotel, Albuquerque, was announced this week. It is:

### Friday, Sept. 22

Registration, starts 9 a. m.  
Call to order by Postelle Cooper, national councillor.

Welcome by Paul P. Rubican, Albuquerque.

Response by George A. Fleming, Las Vegas.

Reports, minutes of 1938 convention at Santa Fe.

Report of secretary-treasurer.

Report of administration.

Introductions of Superintendent R. F. Apodaca, of New Mexico, and other notables.

Address, Henry C. Stoll, manager inland marine department Millers National, "Adapting Inland Marine Insurance to Modern Business and Personal Needs."

Address by Henry F. Evans, president Mountain States Casualty Association, Denver, on "Casualty Insurance."

Appointment of committees.

Dutch lunch, convention as guest of Home of New York.

### Afternoon

Committee meetings.

Address, George E. Stroub, secretary Home of New York, on "Observations on the Business."

Closed session for local agents only.

Report of conference committee.

Financed automobiles.

Report of constitution and by-laws committee.

Report of auditing committee.

Report of resolutions committee.

Report of nominating committee.

Nomination and election of officers.

Installation of officers.

Dinner Dance at Casa Manana.

### Saturday, Sept. 23

Meetings will be continued from agenda of previous afternoon until business is completed.

beginning Tuesday night, Oct. 3, at 6:00 p. m. in the Chicago Board Auditorium.

### Ill. Endorsement Work Is Heavy

Much clerical and accounting work is involved in applying the compensation and occupational disease rate increases to existing policies in Illinois. Most of the companies have notified agents by letters that these policies must be endorsed and the companies probably will be sending the endorsements to the agents in the next few days. There is an average rate increase of 6.1 percent in compensation and a flat increase of 6.1 percent in O. D. The increase is retroactive to July 1 to take care of increased benefits under the Illinois law that were effective that day. However, policies expiring up to Sept. 1 need not be endorsed. Probably none of the companies will seek to collect the increase on policies covering domestic servants.

### Kenneth Bair in Hospital

Kenneth H. Bair of Greensburg, Pa., former president National Association of Insurance Agents, is at the New York Hospital, 525 East 68th street, having been there for the last 10 days. He was operated on for a spinal injury. It is expected he will be confined to the hospital three weeks more. His condition has so far improved that Mrs. Bair has gone to their home.

Harry F. Liebrock has been submitted to vote for election as class 1 member of the Chicago Board. He is connected with the R. A. Napier agency of Chicago and as class 1 member succeeds Mabel F. Gore.

O. J. Van Horn of the Cadwallader & Van Horn agency, San Antonio, Tex., has bought the interest of A. H. Cadwallader, but will continue the present firm name.

Carruth Ward has joined the R. C. Mackey agency, Robstown, Tex. He is a son-in-law of Mrs. Dorothy B. Mackey, operator of the agency.

## Rates for War Risk and War Vandalism

(CONTINUED FROM PAGE 3)

sissippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Carolina, Texas, Vermont, Washington, West Virginia, District of Columbia and Alaska.

Zone 2 includes Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Wisconsin and Wyoming.

### Hazardous Occupancies

Risks falling in the high rated occupancy class 1 are those used for manufacturing and storage of ammunition, explosives, war chemicals, implements and weapons of war or their parts; instrumentalities of communication, transportation and public service, such as bridges, tunnels, dams, reservoirs, broadcasting stations, public service, gas, heat and electric power and light plants, telephone exchanges, railroad and traction properties, piers and water works; armories, airplane hangars, airplane engine and airplane manufacturing plants, mineral oil refineries, tank farms and terminals with a capacity of 25,000 barrels or more, flour mills, grain elevators, meat packing plants, stockyards and shipyards. All other risks are placed in occupancy class 2.

There are also two construction classes. This division is necessary because fire from war risks is excluded by the standard fire policies and covered by the war risk and bombardment policy. The lower rated construction class A includes property of fire resistive construction, steel work protected, and incombustible buildings or structures with steel work unprotected, including tanks and cars, containing incombustible contents. Other property is put in construction class B. Specifically included in constructive class B are incombustible buildings or structures, steel work unprotected, containing combustible contents and rolling stock of railway and traction properties, including buses.

### Schedule of War Rates

For the coastal, gulf and Mexican border states in zone 1, risks under occupancy class 1 take a rate of 50 cents if in the class A fire resistive bracket and 75 cents if rated as class B construction. Occupancy class 2 risks, the non-hazardous group, take rates of 10 cents and 15 cents respectively.

In the lower rated zone 2 the rate for occupancy class 1 is 15 cents for risks of class A construction and 25 cents for class B construction. Occupancies rated as class 2 take rates of 5 cents and 8 cents for the two classes of construction.

### Coincurrence Mandatory

The quoted annual rates are based upon 50 percent coinsurance. Except when in violation of law, a minimum of 10 percent coinsurance will be required for all property damage policies except floaters. For 10 percent coinsurance, 300 percent of the quoted rate is prescribed, for 25 percent coinsurance, 175 percent of this rate. If 80 percent coinsurance is used, rates are to be reduced 30 percent; for 90 percent coinsurance they are reduced 35 percent, and for 100 percent coinsurance they are reduced 40 percent.

Floater policies may be written with 100 percent coinsurance mandatory at a rate of \$2 for properties listed in occupancy class 1 and \$1 for other property. Blanket insurance is permitted, subject to the pro rata distribution clause when written with less than 90 percent coinsurance.

### Increased Noncancelable Period

The war risk and bombardment policy is noncancelable for one month from date of issuance. This period may be increased to two months for additional premium of 20 percent, three months for 40 percent, four months for 60 percent, five months for 80 percent and six months for 100 percent. One month is the minimum term and one year the maximum. The new manual pages show the text of the war risk policy in full and also a mandatory property damage form.

The rules also provide that Interstate Underwriters Board forms 1, 2, 5, 24 A and B may be used with the war risk contract. Rent, profits and commissions, leasehold interest, extra expense and consequential damage insurance may be issued in connection with this policy under the usual forms. Use and occupancy insurance under the war risk and bombardment form will be subject to a special endorsement specifically denying liability for any shutdown except that resulting from direct physical damage to or destruction of the property from a hazard covered by the insuring clause and denying liability for increase of loss due to interference by strikers or other persons or by governmental authorities with rebuilding, repairing or

replacing property or with the resumption or continuation of business and for other consequential losses. The endorsement applicable to riot and civil commotion use and occupancy policies is revised slightly.

### CAUTION ON "SABOTAGE"

H. C. Klein, assistant secretary New York Underwriters, who is chairman of the war risk insurance committee of the Explosion Conference, calls attention to the fact that the new broad vandalism and malicious mischief endorsement, which includes physical injury or destruction resulting from acts of agents of governments, parties or factions engaged in war or war-like operations, is restricted to physical damage only. It does not include acts which might also be called "sabotage," but do not involve malicious physical damage. As examples of losses not covered under the new vandalism endorsement, Mr. Klein cites "wasting materials, using poor materials, sitting idle at machines, scamping work, deliberate inefficiency, mislaying tools and injuring and delaying production by any number of petty devices short of actual physical damage."

Mr. Klein also states that the term "sabotage" was purposely omitted from the new broad vandalism endorsement because it was felt that this term would be construed as including losses other than malicious physical damage. He suggested that the new broad endorsement be known as "warlike vandalism and malicious mischief endorsement," and that the new limited form, which excludes acts of agents of warring governments, parties or factions, be called "non-warlike vandalism and malicious mischief endorsement."

THE NATIONAL UNDERWRITER has also received questions regarding coverage for malicious explosion set off by agents of warring governments. Losses of this type are covered by the riot and civil commotion policy, whether or not the new broad vandalism endorsement is attached. The new mandatory endorsement for the riot policy, shown in full last week, while specifically excluding war risks, states that it "is not intended to deny liability for loss by explosion not occurring during and in connection with operations of military or naval armed forces in the country where the described property is situated." No ruling has been made regarding the simple explosion policy or the extended coverage endorsement, but losses of this type are apparently covered by both these contracts, as long as the United States is not at war or has not been invaded.

## Competition Seen by a Field Man

(CONTINUED FROM PAGE 4)

terms of printed policies. Price differences must be justified. In the past, he said, the procedure has been to run to the rating bureau to secure a competitive rate, therefore, not only confessing that "we have deliberately tried to overcharge in the past, but just as important we have been helping the buyer to emphasize the importance of price." Every assured, he added, is entitled to minimum rates continuously, but "we must use that rating service in the manner which was intended. A reduction of normal rates should be the reward for increased safety of conditions." Emphasize safety, said Mr. Perry. Minimize price.

### Georgia Mid-Year Filings Are Extremely Sketchy

A reader inquires about the figures that are being printed pertaining to the mid-year statements of insurance companies as filed in Georgia. This is the only state that requires a filing at mid-year that becomes a public record. New York calls for a brief quarterly report but these are not made public. The law requiring such filings was passed in Georgia in 1887, it is understood especially for the purpose of creating some advertising business for the Georgia newspapers. The statements are filed with the governor, although all other insurance matters and annual statements are filed with the insurance commissioner and comptroller general.

The semi-annual statement blank contains just a few items and, as a matter of fact, the department does not require that all of these be completed. All that the department requires is a statement of capital stock paid in, total assets, total liabilities, income during the first six months of the year and disbursements during the same period. Some of the companies fill out the other entries such as policy reserve and surplus of life companies, and surplus of fire and casualty companies, but these statements are not demanded by the department.

### Millard Reelected in Grand Rapids

GRAND RAPIDS, MICH.—A. B. Millard was reelected president of the Grand Rapids Association of Insurance Agents at the annual meeting following a luncheon. H. P. Hugenholtz was reelected secretary-treasurer for the seventh consecutive term and F. H. Utley was chosen vice-president. Benjamin De Graaf and Leon McVoy were elected as new members of the executive committee.

### Managers First Meeting

The Ohio Association of Casualty & Surety Managers held its first session of the fall at Columbus Tuesday. The effect of the new rates on automobiles and the new Ohio liquor bond requirements were discussed. Among the guests was G. F. Ainslie, Jr., of the home office of the American Surety and formerly Columbus manager.

### Fireman's Fund Managers Confer

Departmental managers of the Fireman's Fund group are in San Francisco for a ten-day conference which will conclude Sept. 17. Those attending the conferences are: J. F. Crafts, Boston, manager eastern department; E. D. Lawson, Chicago, manager western department; R. W. Michael, Atlanta, manager southern department; F. B. McBride, New York, manager Atlantic marine department, and Raymond Ellis, assistant vice-president in charge of southern California operations with headquarters at Los Angeles.

At Tipton, Ind., Robert Leatherman who recently purchased the Warne Agency, has also taken over the agency of the late Joe Lewis.

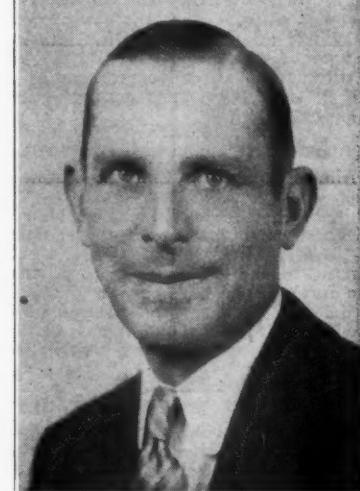
### SPEAKERS AT COLORADO AGENTS CONVENTION



B. W. CROCKETT, Pueblo  
State President



J. R. PLUMMER, Fort Worth, Tex.  
President Commercial Standard



FRANK ENGLAND, JR., Denver  
State Secretary

## N. J. Agents Hold Successful Meeting

(CONTINUED FROM PAGE 9)

ment of motor vehicles, on "Motor Vehicle Accidents, Their Causes and Cures," and by Dr. A. R. Kristeller, on the arrangement newly effected between the dental association of New Jersey and the insurance men for writing dentists' liability coverage. Greetings were extended by T. F. Appleby, on behalf of the New Jersey Association of Real Estate Boards, of which he is president.

### Comment on Insurance Survey

The idea of an insurance survey on behalf of fire and casualty interests, Mr. Shuttleworth stated, was borrowed from the life companies, which long ago made a practice of formulating programs for prospective assured; fitting the recommended contract to the particular needs of each prospect. His suggestion was that the survey be started for policyholders already on the books of the agent, and, assuming the service be properly done, to seek letters of recommendation to friends of assured who might be interested in having similar work performed. He cautioned against a survey being undertaken unless an agent was fully qualified to define the particular type and extent of coverage necessary else serious trouble for both insured and agent would result.

Though New Jersey has made creditable advance in its campaign to reduce automobile road accidents, in which effort it has received effective cooperation from the New Jersey Association of Underwriters, Deputy Commissioner Dearden declared there still remained much to be done.

Through associated effort, Dr. Kristeller stated, the dentists and the agents of the state had been able to formulate a plan under which the United States Fidelity & Guaranty would write dental liability risks in any section of New Jersey. By virtue of the program he felt confident the hazard would be materially improved and the 2,200 dentists as well as the carrying company would be benefited. Consideration of other types of insurance essential to the dental fraternity is in progress and the results will be revealed shortly.

Guest speakers at the luncheon were W. H. Bennett, general counsel National Association of Insurance Agents; Ray Murphy, assistant general manager Association of Casualty & Surety Executives, and W. H. Whitney, secretary New Jersey Association of Credit Men. Mr. Bennett was in exceptional form, being elated at news of the decision by the federal court at Richmond, upholding the constitutionality of the Virginia resident agency law for which his association battled.

### Ray Murphy's Address

Mr. Murphy noted the impression he had gained during frequent visits to the national capital of late, declaring that elements hostile to the institution of insurance are aggressively at work. He warned against the growth of the cooperative movement.

W. H. Whitney, Newark, secretary-manager New Jersey Association of Credit Men, discussed the new insurance statement and survey of insurance requirements approved by state and national credit and insurance associations to be filled out and certified by the insurance agent of the person or firm seeking credit. He said the present statement arose out of a meeting of the New Jersey credit group at which the old insurance statement compiled by the National Association of Credit Men was being discussed. An insurance committee, consisting of L. E. Falls, American of Newark; H. P. Jackson, Bankers Indemnity; Oliver Thurman, Mutual Benefit Life; P. L. Thompson, Firemen's of Newark, and H. B. Hodge, National Surety, were on hand to answer insur-

ance questions. A credit man presented a financial statement and an insurance statement which he had received from a customer and asked if any one present could advise him if his customer was properly insured. All agreed that a proper analysis could not be made from the information on hand and hence the new fact finder and insurance statement was compiled, largely by Mr. Falls.

Mr. Whitney pointed out the opportunities which the new statement gives an insurance man to call upon his client and survey and discuss his insurable hazards and in many cases to write more and better insurance. He urged both the insurance men and the credit men to hold all information received through this source in strict confidence and asked the insurance agents, as good salesmen themselves, not to say or do anything which might jeopardize the order which the credit man's firm hopes to get.

### Farm Business Important

John E. Lansing, Newark, assistant secretary Firemen's, discussed the importance of rural business and the problems confronting companies and agents in its underwriting. Even in New Jersey, which is not regarded as a great agricultural state, there is a rural population of 700,000, with about 25,000 farms, representing a value of \$300,000,000, producing products worth annually \$100,000,000 and with about half of them mortgaged to a total of \$50,000,000. In writing farm business, insurance interests are dealing with a social order different from that commonly found in urban communities. People in the country are free of many of the social and business regulations which influence the life of city dwellers, they are usually unfamiliar with business practices and necessities and are often jealous or suspicious. Even though these conditions are changing, transformation takes time and there still exists much of the deep rooted influence of the old background. Insurance companies cannot obtain information on farm assured as readily as they can upon city risks and must rely to a great extent on the agent's close and intimate knowledge of each case. The final test of the agent should always be whether he would write the risk if it were his own money at stake and not that of the insurance company.

To the Union County association was awarded the W. J. Wilson memorial cup at the New Jersey agents' meeting, as having rendered the most conspicuous service to the American agency system during the past year.

A feature of annual meetings of the New Jersey association is the attendance of former presidents. This year 11 of the 15 living chief executives that served since 1893 were on hand, headed by the veteran R. F. Murray of Plainfield, who held the presidency in 1912-14. Incidentally, Mr. Murray is a son of the late John W. Murray, long vice-president of the German-American (now the Great American). The younger Mr. Murray was a member of the state assembly at one time, and his knowledge of political affairs often serves as a guide to the legislative committee of the association in its consideration of proposed bills.

Companies that maintained open house during the convention period included America Fore, Home, London Assurance, American of Newark, Zurich and National Surety.

**C. Stanley Stults**, having learned of the illness of K. H. Bair of Greensburg, Pa., past president of the National Association of Insurance Agents, a message of cheer was wired him at the hospital in New York City where he is a patient.

**Company officials** who attended several sessions included: L. E. Falls, vice-president American of Newark; R. C. Hosmer, president Excelsior; Archibald Kemp, vice-president Firemen's, and F. J. Breen, secretary National Union.

In recognition of his services retiring President **H. D. Holmes** was presented a handsome Persian rug.

The Standard Accident gave away 1939 football schedules with the compliments of its Newark branch office.



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## EDITORIAL COMMENT

### Position of U. S. Branches

THE UNITED STATES branches of the ENGLISH and FRENCH companies have already received inquiries and they expect to get additional inquiries regarding their situation in the light of the war in Europe. Those in the insurance business are well acquainted with the structure, method of operations and statutory conditions governing the work of those foreign insurers that are duly admitted to the United States, and the fundamental relationships in the business are such that the assured will be given a true explanation by anyone of whom he may make inquiry. At times there has been projected the issue of nationalism in fire and casualty insurance in connection with competitive strife, but we are satisfied that the fundamental good feeling that exists and the spirit of sportsmanship will govern those, who in less disturbed times might be tempted to raise the flag here and there to capture a risk or an agent.

The fact is that the UNITED STATES branch of an admitted foreign insurance company is practically equivalent to a domestic corporation. The UNITED STATES policyholder can rely upon the financial statement of the UNITED STATES branch of a foreign insurer as being something absolute and not related to what may happen to that institution at its head office. The funds that adhere to the United States branch are made fast. Indeed, the managements of these companies will contend that the funds are even more firmly lashed here than are those of domestic corporations.

In entering this country, a foreign insurer is required to put up a deposit with some insurance commissioner for the benefit of policyholders and creditors. This deposit is somewhat comparable to the

capital of a domestic corporation. The deposit must be in securities that are satisfactory to the commissioner.

In addition, all the invested assets of the UNITED STATES branch are held by a trustee under a deed of trust. The title to all the invested assets of the UNITED STATES branch is in the name of that trustee, which is usually a bank or trust company.

The UNITED STATES branch may not remit to the head office any funds in its possession, whether the funds are those in the hands of a trustee or otherwise, without the written permission of the insurance commissioner. The sole interest of the commissioner, when he is asked to give his consent to a remittance, is the situation in the UNITED STATES and whether policyholders and creditors are adequately protected. The foreign institutions, as a matter of custom and good practice, seek to make remittances only when their surpluses are in generous figures.

The UNITED STATES branches are required to submit to the usual examinations by the departments of the state of their entry and by the NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS. These examinations are conducted exactly as are those of domestic companies.

Of course, the head office funds of foreign insurers are available to policyholders and creditors in this country, but the inquiries are being made by those who are interested in ascertaining what the situation would be in the event of a catastrophe abroad. The foreign insurers can stand on the financial statements of their UNITED STATES branches. There can be no question about the integrity of those statements and the availability at all times of the funds.

### We See No Sign in the Stars

WHILE it has not been difficult for some time to predict who would start up the line in the NATIONAL ASSOCIATION OF INSURANCE AGENTS by being elected chairman of the executive committee, this year no prophet has dared come forth and give a certain prognostication. He might study the stars and hunt for omens. He would find it very perplexing to make a divination. Here are the members of the executive committee who have served two years or more, omitting C. F. LISCOMB, immediate past president, who went on the committee according to the unwritten rule: PAYNE H. MIDYETTE of Tallahassee; JOHN K. BOYCE, Amarillo, Tex.; C. STANLEY STULTS, Hightstown, N. J.; J. M. CROSBY,

Jr., Grand Rapids, Mich., and R. W. FORSHAY, Anita, Ia.

Any one of these men would make excellent material for chairman and all are in excellent training for the high office. All have served as presidents of their state associations and are very active in state as well as national work. Mr. Midyette was an important contender for the post prior to the last annual meeting, being supported by the potent Florida association. He withdrew out of deference to SIDNEY O. SMITH of Gainesville, Ga., and, therefore, strengthened himself personally in the minds of many delegates. Whether geography will play a conspicuous part remains to be seen. With SIDNEY SMITH

as president, he coming from a southern state, Mr. MIDYETTE would make a second southerner on the list. Perhaps the association has reached the point where geography is eliminated when the object is to get the best man for the place. Mr. MIDYETTE has done yeoman service for the National association.

Another southerner is Mr. BOYCE, who piloted the organization through the tempestuous waves of revising the constitution and by-laws. There were different elements that had to be consulted. The matter will come up finally before the organization at the Boston meeting. It has been a work highly appreciated by the membership. Mr. CROSBY, as chairman of the membership committee, has outdistanced all predecessors. He was at the helm of the Grand Rapids association when the

National body met in his home city and he covered himself with glory. Mr. STULTS, chairman of the finance committee, is one of the tall oaks in the New Jersey forest, a man, conscientious, true and faithful. He is very resourceful.

Out in a small town in Iowa resides Mr. FORSHAY. He is the man who has brought the rural agents right to the fore and done much for them. He is chairman of the rural agents committee and he, more than anyone else, has made it possible for these local representatives to derive benefit from the association movement.

THE NATIONAL UNDERWRITER in the past has entered the field of prognosis. It has picked, in every instance, the winner. However, after reviewing the signs in the heavens there seems to be no voice or no hand to point the way.

### Let's Reform Convention Badges

THIS is the season of conventions. From early in September until the middle of December there are strenuous days for insurance newspapers which undertake to cover all conventions of consequence. There are not only organization conventions but with life insurance there are numerous companies having their individual conventions. This is a very popular time for state associations of insurance agents to meet. Therefore, out of the grist mill there will come plenty of material. It is the province of the insurance papers not only to chronicle the news, present the features but to gather the salient sales and educational material of value not merely to the men in the field but to those in offices.

Speaking of conventions brings up the subject always of the best kind of a convention badge. The only function of a badge is to have a person's name accompanying it. That gives people an opportunity to glance at the badge and catch the name of the wearer. Unfortunately convention badges to a large extent are exasperating. Most of them merely contain a small typewritten card with a man's name and his residence. Frequently it is buried in a frame to which is attached a long ribbon. When one endeavors to read the name it requires an effort. A person, therefore, is required to do considerable

sleuthing. He must apparently have his mind somewhere else, attempting to convey the impression that his attention is cast elsewhere, yet is doing a lot of squinting, endeavoring to read the name on a badge. This requires really some expert ocular gymnastics. Let one be afflicted with astigmatism, strabismus or chromatopseudo-blepharitis and he must get some binoculars to catch the name.

Seriously, we need to have a radical reform in convention badges. There are two conventions that we attend whose badges are a delight, because they can be read 10 feet away. The best one with which we are acquainted is that employed by the AMERICAN LIFE CONVENTION. This has a narrow frame with the man's last name printed in large letters. If there are two or three men of the same last name, then the initials are given. The next best is the one used by the AETNA LIFE in its life insurance conventions. Either one could well be followed by other conventions and would relieve one of great embarrassment and mental strain. It is always a gratifying and satisfying condition to see 10 feet away the name of a person whom you have met but whose name you have forgotten, and rush up to him with great cordiality and be able to speak his name without delay. Let's have a reform in convention badges.

### PERSONAL SIDE OF THE BUSINESS

C. L. Ritter, head of the Ritter agency, Murphysboro, Ill., was honored by his friends and associates on the occasion of his 55th year in insurance. In addition to his insurance activities Mr. Ritter has found time to serve as an officer of the First National Bank of Murphysboro, of which he is the sole surviving original stockholder, and as superintendent of the Murphysboro Water & Light Company. A testimonial

dinner was given in appreciation of his work in the community.

Frank E. Hull, son of Thomas B. Hull, president of Hull & Co., general agents at Fargo, N. D., is enrolled as a freshman in the fire protection engineering course of Armour Institute in Chicago. Mr. and Mrs. Thomas B. Hull are motoring to Chicago later this week to visit their son. Thence they intend to go by train to New York and be en-

## THE NATIONAL UNDERWRITER

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Telephone Wabash 2704

EDITORIAL DEPT.: C. M. Cartwright, Managing Editor. Levering Cartwright, Assistant Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor, H. E. Green, Jr.

CINCINNATI OFFICE—420 E. Fourth St. Tel. Parkway 4-2140. L. H. Martin, Abner Thorp, Jr., and C. C. Crocker, Vice-Presidents.

NEW YORK OFFICE—123 William St., Tel. Beekman 3-3958. Editorial Dept.—G. A. Watson and R. E. Mitchell, Associate Editors. Business Dept.—N. V. Paul, Vice-Pres.; J. T. Curtin and E. H. Fredrikson, Resident Managers.

ATLANTA, GA., OFFICE—560 Trust Company of Georgia Bldg., Tel. Walnut 5867. W. M. Christensen, Resident Manager.

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BOSTON OFFICE—Room 622, 25 Huntington Ave., Telephone KENmore 5237. R. E. Richman, Vice-President.

PUBLISHED  
EVERY THURSDAY

BUSINESS DEPT.: John F. Wohlgemuth, President, H. J. Burridge, Vice-President and Secretary. Roeding, O. E. Schwartz.

PHILADELPHIA OFFICE—1127-123 S. Broad Street. Telephone Pennypacker 3706. W. J. Smyth, Resident Manager.

SAN FRANCISCO OFFICE—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

Subscription Price \$4.00 a year in United States and Canada. Single Copies, 20 cents. In Combination with Life Insurance Edition, \$5.50 a year. Entered as Second-class Matter April 25, 1931, at Post Office at Chicago, Ill., Under Act, March 3, 1879.



tained for a week by Commercial Union in celebration of Mr. Hull's 25th year of representation of that group. Upon their return they intend to motor to Owatonna, Minn., where another son, Tom B. Hull, Jr., is a senior at Pillsbury Military Academy.

**A. W. Jenkisson**, Chicago manager of Northern Assurance, has returned from an extended two months vacation trip with his son, Peter, who is a junior at Bowdoin College. They motored to the coast, saw the San Francisco fair, put their car on a boat and made the trip through the Panama Canal to New York. They visited the New York fair and spent some time at the summer place of R. P. Barbour, U. S. manager of Northern, near Saranac Lake, N. Y.

Mr. and Mrs. **R. R. Hufstader** of Des Moines announce the arrival of a new baby boy. Mr. Hufstader is Iowa-Nebraska state agent of the Millers National.

**H. R. Hanawalt**, associate western manager of National Fire, has returned from a motor trip through Canada to Quebec, in New England and New York.

**C. F. Barnard**, formerly well known adjuster in the central west, Cleveland manager of the Western Adjustment, and later in the business in San Francisco, is now retired and lives in San Diego, Cal. At present he is visiting his son, Kenneth Barnard, at Evanston, Ill.

**J. R. Wilbur** of Evanston, Ill., retired western manager of the America Fire, who has been in a critical state, being hospitalized, has now been able to return to his home, 1224 Maple avenue, in an improved condition.

**T. L. Farrington**, vice-president Lawton-Byrne-Bruner Agency, St. Louis, is just back from Europe. With his wife, a German countess, he spent six weeks in Europe this summer.

**H. W. Barham**, manager of the oil division of I. Reinhardt & Sons of Dallas, was married to Miss Margaret Schroeder in San Antonio. They are on a trip in Mexico.

**Roy A. Duffus**, secretary of the James Johnston Agency at Rochester, N. Y., is one of the most popular speakers at state conventions. This week he spoke at the Pennsylvania meeting at Wernersville. He is scheduled next week to speak before the Vermont meeting at Basin Harbor on Lake Champlain. Then he is signed up for the Illinois local agents meeting to be held at Springfield, Nov. 8-9.

**John James**, insurance commissioner of Utah 1914-1918, now with Occidental Life in Salt Lake City, was a San Francisco visitor last week and presided at one of the sessions of the Musical Festival at Treasure Island.

**J. C. Kelly**, head of the Wheeler, Hagny Agency, Wichita, Kan., and Mrs. Kelly have returned from a month's trip to Hawaii.

**Charles F. Liscomb**, past president of the National Association of Insurance Agents, will become president of the Duluth Chamber of Commerce in October.

**J. W. Friend**, Virginia special agent Phoenix of Hartford with Petersburg headquarters, presided as moderator over the Presbyterian Synod of Virginia in Richmond this week.

**A. T. Romig**, 86-year-old local agent at Uhrichsville, O., in the insurance business there for 35 years, who still makes most of his calls on his bicycle, was the subject of a feature article in the Cleveland "Plain Dealer."

Among the passengers on the Transatlantic Clipper from Foynes, Ireland, were **Mrs. E. W. Elwell**, wife of the United States manager of the Royal Exchange group, and their 18-months-old daughter, Althea. The Elwell baby is the first to cross the Atlantic in a plane and the youngest passenger yet carried in the history of the Transatlantic Clipper service. Mr. and Mrs. Elwell and

their daughter went to England on the Mauretania. Mr. Elwell visited the home office of the Royal Exchange in London and joined Mrs. Elwell and the child in visiting Mr. Elwell's parents in Hoylake, Eng. Mr. Elwell, who had already returned to the United States, is himself the holder of a pilot's license.

**J. Clark Buchanan** of Los Angeles, past most loyal grand gander of the Blue Goose, who attended the grand nest meeting in Cincinnati recently, is participating in a family reunion at his old home in Nebraska, the occasion being the celebration of his mother's 80th birthday. All the members of the family are in attendance.

## DEATHS

**M. L. Alexander**, 77, prominent Cincinnati local agent, died there after having been in failing health for some time. Mr. Alexander would have observed his 50th anniversary in insurance this fall. He entered the business representing Phoenix of London, which is still in the agency. He represented Agricultural 44 years.

A son, Harry M., who entered the agency in 1903, and a grandson, Walter

H., who entered the agency in 1927, have been associated with Mr. Alexander, and continue the agency.

Mr. Alexander established himself in the old Third street insurance district of Cincinnati, moving to the First National bank building when it was completed, as did many of the other insurance offices at that time. He served as vice-president of the Cincinnati Fire Underwriters Association about 35 years ago.

**R. A. Parkinson**, secretary of Agricultural, was in Cincinnati for the funeral.

**Alida H. Krayenhof**, 36, since 1905 chief examiner in the audit department of the Mountain States Inspection Bureau, Denver, died as a result of injuries incurred in an automobile accident.

**R. E. Paris**, president of the R. E. Paris agency, Detroit, died there after a brief illness. He established his agency in 1914 after having been sales manager of the Dow Chemical Co. and for four years general sales manager of the Oldsmobile Co. in Lansing.

**L. K. Tucker**, long a prominent local agent at Palatka, Fla., who died at a Jacksonville hospital, is survived by two sons, Finley and L. K., Jr., respectively president and vice-president of the Jacksonville general agency of Finley Tucker & Bro. In addition to representing nine

fire and one marine company, the general agency has state supervision for the Ocean Accident & Guarantee and Columbia Casualty.

**J. Stebbins Clyne**, 63, manager of the Hartford office of the New England Fire Insurance Rating Bureau, died at his home in Wethersfield. He joined the New England Insurance Exchange, later changed to the NEFIRB, in 1916, becoming Hartford manager in 1919.

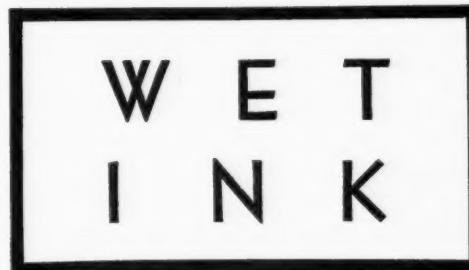
**W. C. Ballard**, 80, president of Hopper, Polk & Purnell, Baltimore, died after an illness of one month. He had been in insurance for 63 years, having started when he was 17. For many years he was active in the Baltimore Association of Fire Underwriters. The agency has represented the Liverpool & London & Globe since 1868.

**J. W. Grobschmidt**, 43, South Milwaukee, Wis., local agent for 16 years and member of the Wisconsin assembly for five terms, died following a stroke of apoplexy.

The body of **F. O. Mueller**, for 20 years a local agent in Milwaukee, was found in the basement of a vacant house.

**B. H. Baird**, veteran local agent of Warrenton, Va., died there. For many years he had been one of the leading agents of the Northern Neck of Virginia.

**F. O. Gott**, 66, Elyria, O., local agent for many years, died after a brief illness.



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# Iowa Agents Celebrate New Era

## Great Growth in Numerical Strength Is Heartening

### Annual Meeting in Mason City Culminates Best Year in History

The Iowa Association of Insurance Agents, at its annual meeting in Mason City, celebrated what appears to be a new era in the organization. A year ago the membership was 219. Today it is about 480. That is one of the greatest membership records ever made by a state association.

Members of the organization are now fully conscious of their stature. They realize that they now constitute an influential, imposing group and the former apologetic note that was occasionally detected at the Iowa meetings was supplanted by a mighty showing of biceps.

Bert C. Hopkins of Des Moines is the great hero. He served as president

(CONTINUED ON PAGE 38)



E. C. Cady

## C. F. Thomas Tells Sphere of Insurance Organization

The address given by Charles F. Thomas of Chicago, manager of the Western Underwriters Association, at the banquet during the annual meeting of the Iowa Association of Insurance Agents at Mason City, was in the nature of a state paper. Mr. Thomas had obviously prepared carefully and thoughtfully what he intended to say. Mr. Thomas is an original thinker. He never falls back on cliches and empty, repetitious phrases. He undertakes to express ideas with originality and in so doing he produces conceptions of unusual worth.

Mr. Thomas undertook to outline what he considers the proper relation of insurance to the state, the proper field of state supervision, the proper bounds of competition and the proper sphere for organizations to occupy.

### Keeping Within Proper Limits

"The sum of what all of us know is vastly greater than all that any one of us singly knows about our business," he said, "It is important that we accept the proposition because it will keep each of us within proper limits with our individual opinions and it will nullify that more or less popular heresy that only those who have never worked at all or are without experience or training are qualified to discuss with finality the ways and means of our business."

Mr. Thomas said that insurance has a greater permanence of character than most any other business. Insurance supplies an indispensable service and it

is an institution of unquestioned strength and permanence.

"Up to this point our business presents a pleasing picture," he said. "When we actually start operations we discover a number of things and most of them do not seem to be just what we would like. We find a surprisingly large number of companies with varying ideas of management and methods."

### Differences in Policy

Some of the companies are grouped together for associated effort and experience while others pursue an individual policy, he observed. Most of the companies originate their business through resident agents but others deal with property owners direct. There is a variance in the commissions that are paid to agents.

"We find also a great number of agents and we soon come to the conclusion that there are too many agents and that some of them ought to be liquidated. We feel rather strongly on this matter and finally decide to ask a legislature to pass a disenfranchisement bill—only we don't call it that."

"If this question of expansion vs. limitation of agents is really a fundamental issue, the solution will run to the economics of the business and it may raise collateral questions quite apart and different from a controversy as to whether there shall be a greater or lesser number of agency appointments.

"There are irritations in the business, such as the substitution of individual judgment rates for published advisory rates, the mutilation of uniform forms that have been prepared after painstaking study. These distractions, however, arise from the legal and moral right of every agent to work out his own program and every company to determine its own policy or scheme of operation."

### Many Judgments Are Found

"No individual or group can maintain that all of the others are wrong and have no moral or legal right to follow a different course. Management policy, after providing for sure and faithful rendition under contracts issued against company account, is determined on a careful judgment of what is the best way for advancing the interests of the company. Agents can be no less selfish in determining a course they will follow.

(CONTINUED ON PAGE 39)

## First Day's Card Is Run Off Under 99° Temperature

### Numerous Addresses Are Given and Reports Heard —Hopkins Presides

#### NEW OFFICERS ELECTED

Chairman—B. C. Hopkins, Des Moines.

President—H. C. Brown, Mason City. Executive Vice-president—E. C. Cady, Burlington.

Secretary—John S. Cutter, Shenandoah.

National councillor—R. W. Forshay, Anita.

Regional Vice-presidents—Lyle Jeffries, Clinton; Frank Stauffer, Colfax; Leon Morse, Council Bluffs; Robert S. Andrews, Sioux City.

#### By LEVERING CARTWRIGHT

The Iowa Association of Insurance Agents, at its annual convention in Mason City, disposed of most of its business and heard most of the scheduled speeches the first day. Despite the discomfort of a 99 degree day, the program went off spiritedly and the meeting room was filled to capacity throughout the day.

#### Announces Membership 476

The invocation was spoken by Dr. C. E. Flynn, pastor First M. E. Church. The welcoming address was given by Mayor R. E. Pauley of Mason City. He said he is paying about \$7 per day for insurance of all kinds. Harry C. Brown, at the moment vice-president of the Iowa association, and mayor of Mason City a year ago, responded.

B. C. Hopkins delivered the presidential message. When he referred to the magnificent membership record, there was a burst of applause. From membership of 219 last year the roster was boosted to 476. There is a member from each of the 99 counties, whereas a year ago 46 counties were unrepresented. He expressed appreciation to the field men for their efforts in behalf of gaining

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IOWA

"YOUR FRIENDLY COMPANY"



HARRY C. BROWN  
New President



JOHN S. CUTTER  
Secretary

members. He recommended that efforts be made to establish county boards.

Several local boards were formed and more affiliated local boards will be created next year. He referred to the good spirit that now exists in the Des Moines organization. The membership is now 39.

Mr. Hopkins mentioned with satisfaction the passage in Iowa of a countersignature law.

Mr. Hopkins recommended that a strong committee be continued to cooperate with the field men in the B. D. O. work and he advocated a similar undertaking in the casualty field.

#### Wants Full Time Manager

Employment of a full time manager or secretary is desirable, Mr. Hopkins said. He suggested a goal of 600 members by next year be set.

"Fire and casualty companies have shown an increased premium volume over the previous year and 1939 gives promise of better results," he asserted. "Some of our members have had a bitter experience with those companies not adhering to the principles of the American agency system and it is recommended that all our members examine their contracts with the insurance companies represented and that said contracts be revised with any companies who do not subscribe to the American agency system as to the ownership of expirations by the agent."

Mr. Hopkins, in emphasizing the value of association membership, referred to the victory obtained by the National association in blocking the federal insurance scheme devised by the Commodity Credit Corporation, and the statutory exemption of commission agents from the unemployment compensation act.

John S. Cutter of Shenandoah reported as secretary.

#### Qualification Bill Deferred

C. Arthur Ruhl of Davenport, reporting as chairman of the executive committee, emphasized the great membership record that was made. Passage of the countersignature law, he declared, was due to the fact that the membership was brought to an impressive point.

The officers, he said, decided against seeking passage of a qualification law along with the countersignature measure because it became evident that a dual bill could not be enacted. However, he predicted that with the association as strong as it promises to be a qualification law can be enacted at the next session.

Mr. Ruhl endorsed the suggestion of Mr. Hopkins that a paid secretary be employed.

Mr. Ruhl mentioned that the committee was successful in getting the companies to include coverage on electrical apparatus and devices from natural causes

(CONTINUED ON LAST PAGE)

#### CONVENTION NOTES

**R. W. Forshay**, Anita, Ia., and **C. F. Liscomb**, of Duluth, motored from the Iowa meeting to Brainerd for the annual meeting of the Minnesota Association of Insurance Agents. Mr. Forshay is a member of the executive committee of the National Agents Association, and Mr. Liscomb, who gave an address at Iowa, is a past national president.

**Home of New York** added a new feature to its headquarters hospitality, it being a supply of buttermilk. This was an especially popular stand in the mornings and Home dispensed about 10 gallons. Among those presiding at the Home's headquarters were State Agent E. H. Davis, Lon Wherry and Art Holm. A. Augustine, from the Chicago service office, was on hand, as were D. O. Layton and J. H. Roberts from the marine department.

**Henry Willingham** of Emmettsburg suffered a broken leg just two or three days prior to the convention. He is looked upon as one who will be heard from in the affairs of the Iowa association.

**President B. C. Hopkins** was displaying with much satisfaction a letter that he had received from J. M. Menges of

#### Iowa Leader



C. ARTHUR RUHL  
Retiring Chairman

Alta Vista, volunteering to join the association. Mr. Menges had not been approached or solicited in any way. He said that he desired to become a member, because he realized what fine work the agents association had done in overcoming the program of the Commodity Credit Corporation to set up a self-insurance scheme in connection with the corn loan program.

**W. A. Seely**, production manager in the western department of Crum & Forster, Freeport, Ill., hobnobbed with his friends in Iowa and then went to Algona, Ia., for the week end for the big outing of sportsmen there. Algona is very close to the old Seely homestead.

**P. H. Hawes** from the head office of Central Surety, Kansas City, managed to look debonair despite the 99 temperature.

**W. H. Jennings, Jr.**, of Rockford, president Illinois Association of Insurance Agents, and **Shirley E. Moisant** of Kankakee, Ill., who is prominent in Illinois agency affairs, motored to the Iowa meeting together.

**F. J. Shields** of Chicago, marine manager of National Union, took in the Mason City convention.

**Hartford Fire** and **Hartford Accident** had a full complement of conventioners and dispensed hospitality from a headquarters suite. Charles Wherry, Iowa state agent, was busy from early till late. Among the Chicago contingent of Hartford Fire were C. E. Wheeler, western manager; H. W. Donnan, assistant western manager, and E. C. Staunton, superintendent marine department. Charles N. Dubach, superintendent personal accident department, was on hand and distributed Hartford Accident canes to conventioners. J. W. Rietze, agency superintendent from Chicago, attended.

**Other company men** who mingled with the crowd were A. H. Stofft from the United States head office of Ocean Accident and Dan Kirby, president of Western Surety of Sioux Falls, S. D.

**Wells King** of Omaha, regional supervisor for Royal-Liverpool, was one of a large delegation of his group at the convention.

**Frank Cash**, local agent of Spencer, Ia., who has recently become special agent as well for Mid-America Casualty of Cedar Rapids and Kansas City, established headquarters and entertained his friends.

**W. H. Hansmann** of Chicago, vice-president Fidelity & Deposit, made the trip to Mason City, giving especial attention to the welfare of Ludwig Rubek of Cedar Rapids and Mrs. Rubek.

**Maryland Casualty** was represented by W. A. Browne of Chicago, manager agency department, and C. S. Revenaugh, manager accident and health department in Chicago. They set up a table in the lobby, distributing convention matches, the famous Maryland Casualty accident and health rabbits' feet and they maintained headquarters. Mr. Browne gave a dinner one evening for a dozen Maryland agents.

J. A. Slater

H. H. Warner

H. G. Zimmerman

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B. C. Hopkins, Pres.

#### GREETINGS

C. A. Jeffrey—W. A. Drewelow

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# The NATIONAL UNDERWRITER

September 14, 1939

## CASUALTY AND SURETY SECTION

Page Nineteen

### Claim People Hold Annual Convention This Week at Rye

#### Interesting Addresses Given by Well Known Authorities

##### OFFICERS ELECTED

President—Daniel J. Reidy, Guardian Life.

Vice-president—John T. Bost, Imperial Life, Toronto.

Secretary—Louis L. Graham, Business Men's Assurance.

Treasurer—F. L. Templeman, Maryland Casualty.

Executive committee—Godfrey M. Day, Connecticut General, chairman; W. E. Hein, State Mutual; A. G. Fankhauser, Continental Casualty.

#### By DOROTHY B. PAUL

RYE, N. Y.—“Too much stress is put on the theory of public relations and not enough on the practical side of it,” said Superintendent L. H. Pink of New York in addressing the 30th annual convention of the International Claim Association.

“The real public relations are found in the handling of claims and the companies' attitude in dealing with the public,” he continued. “The International Claim Association has made real progress in rectifying this error. The superintendent said, is that the companies are inclined to lean backward in admitting claims because of the prevalence of so many chiselers and as a result, the general public suffers.

#### Comment on European Situation

“When a claim comes in, take it at its face value as presented in good faith,” he counseled.

Commenting on the European situation, Mr. Pink stated that while individuals have gone far in the settling of private disputes, it is tragic that nations must revert to the dark ages to settle theirs. The job of the United States today is to protect and preserve the rights of tolerance, free speech, free assembly and religion as stated in the constitution so that all the nations of the earth may inherit them.

#### Chairman Fankhauser's Address

Daniel J. Reidy, chairman, executive committee of the I. C. A. and assistant secretary Guardian Life, presented President A. G. Fankhauser with a gavel. Mr. Fankhauser, who is chief adjuster of the Continental Casualty, said in his address that claim men have a distressing lack of imagination in the handling of claims. He advised a study of the history and background of in-

(CONTINUED ON PAGE 26)

### Claim Department and Its Functions

#### L. K. Babcock, Aetna Casualty, Believes in Creating Good Will

L. K. Babcock, secretary of the liability claim department, the casualty division at the head office, gave one of the most inspiring talks of the session of life agents at the Aetna Life convention in Colorado Springs, Colo. He has developed a large claim organization. He was formerly located at the Indianapolis branch. Mr. Babcock declared that the claim department should be a valuable sales asset to any agent. He said that the producers should realize the worth of the claim department in their work and it is well that the two sections be brought together physically. They have many mutual problems. The relation, he said, between the claim department and the field is very important. There should always be close cooperation. In showing what his claim service means to those producing only accident, health and life insurance, he said that during the last five years there have been 211,724 group disability cases adjusted with benefits amounting to \$13,378,000. There have been 64,531 accident and health claims with benefits amounting to \$9,831,000. There have been 51,285 life disability claims amounting to \$2,009,260. The claim department, he said, gives direct service to these lines in which life men are interested.

#### Claim Department's Function

The real function of the claim department, he said, is to build good will. Insurance of no kind, he said, is bought. In selling insurance he reminded his hearers that the claim service is a great factor. It is highly important to have a company's reputation for honesty established in a community. It is much easier, he said, to secure an application if the claim service has been satisfactory and people know about it.

There are 96 branch offices of the Aetna Life companies where there are 800 adjusters, there being some 800 adjusters in all. He said that people buy insurance because they fear a loss. In fact, he said, insurance is a protection against loss. Therefore, the primary function of an insurance company is to pay claims and the way it is done he said, is all-important. Every year there is paid out from the casualty claim division between \$20,000,000 and \$25,000,000 in benefits. It is necessary, he said, to create continuing and lasting customers for the agents.

#### Should Create Business

The purpose of the claim department, he said, is not only to save the business but to add more to it. The best advertiser for any company in a community, he said, is a satisfied policyholder. Good will, he said, must be back of the investment portfolio. Assets without good will, he said, would amount to little and a company would soon fold up. No department, he said, in any company has as good opportunity to create good will as the claim division. When a man has a loss he is anxious to see the adjuster. He

### McCulloch Advises Using All Facilities

#### 'Gear for Production Through Agency Analysis, He Tells Pa. Agents

WERNERSVILLE, PA.—Declaring that the insurance business has never been so well situated as it is today from the standpoint of facilities and desires of companies to be of service to agents and the insurance buying public, N. B. McCulloch, manager home office production department Globe Indemnity, told the Pennsylvania Association of Insurance Agents that much will be lost unless agency forces are “geared for production.”

Mr. McCulloch was formerly a local agent at Lancaster, Pa., and was active in the Pennsylvania association, serving on many committees and as director. He said:

“The analysis of any one agency's operations may indicate widely varying pictures, but certain phases are fundamental in all of them, if the agency is to function successfully.”

#### Suggests Seven Questions

Mr. McCulloch then suggested each agent ask himself seven questions as a basis for analyzing his setup and determining whether or not it is “geared for production.” These were:

“Since the life blood of my agency lies in profitable production of business, am I doing everything possible to key all of my operations to that end?

“Are all our employees constantly thinking of the production of more good business whenever they talk to customers, on the phone, in office interviews, or in outside contacts?

“What is the average length of time our customers are held waiting on the phone when they call us for information about any new coverages or existing policies?

#### Files and Records Organized?

“Are our files and office records so organized that information necessary for answering inquiries is readily and quickly obtainable?”

“Does the person responsible for answering questions for customers know all he or she should about the subject at hand?”

“Are we taking advantage of the many valuable services offered to us by our companies and their special representatives?”

“Could we use advertising material, which many of our companies furnish, to better effect?”

“Having found that you can systematize your own work you will set an example for your solicitors,” he said. “You and they will have time for and will welcome well planned sales meetings and periods of instruction, which are time savers in themselves when they serve to eliminate useless questioning and information hunting at later dates.

“Then you will be ‘geared for production.’”

may tolerate other representatives of the company but he is in trouble and he looks upon the adjuster as a friend in

(CONTINUED ON PAGE 28)

### Travelers Officers Before SEC Probers at Washington, D. C.

#### Some of the Features Brought Out in the Hearing

##### By ROBERT B. MITCHELL

WASHINGTON—Lending of money to Travelers officers, directors, and employees by banks which the company owns or controls took the monopoly subcommittee's spotlight this week, following last week's conclusion of hearings on industrial insurance. Though the inquisitors who had President L. E. Zacher and others on the stand questioned at times the soundness of permitting company officers and directors to sit in judgment, as bank directors, on loans to themselves and their colleagues, there was no challenge on the legality of the loans.

#### Question as to Loans

While the questioning made it appear that the money borrowed on collateral was largely to finance purchases of Travelers stock, the examiner, Gerhard Gesell, special counsel Securities & Exchange Commission, failed to elicit any definite answers on this point. Mr. Zacher said that he could not recall whether or not \$52,527 which he borrowed from a Travelers-controlled bank in 1915 was to enable him to purchase Travelers stock. Another witness, W. S. Sherwood, cashier of the Travelers companies, said his loans at the Connecticut River Banking Company, stock of which is owned 71 percent by the Travelers, amount at present to a little more than \$50,000. As to whether they were to assist him to purchase Travelers stock, he said, “It may be correct. I'm not exactly sure.”

#### Travelers Stock Collateral

“Were these loans in some cases to enable you to purchase Travelers insurance stock?” asked Gesell.

“I think that is correct,” Mr. Sherwood answered. In answer to further questioning he said he had gone to the Connecticut River bank because he was known there and carried an account there. He felt he was paying the going rate of interest, he said. Collateral included Travelers stock mainly, also life insurance policies.

F. F. Fisher, cashier Connecticut River bank, testified that while there was ample collateral behind loans in most cases, some loans lacked collateral. Questioned on the latter, he said that a loan to a Travelers officer had been split into two loans, one with collateral and one without and that while the collateral was held as security against both loans, it was not sufficient to cover the

(CONTINUED ON PAGE 22)

## Casualty Leaders Debate Whether to Appeal Va. Case

### Keen Interest Is Taken in Decision Rendered in Important Test Case

The decision of a three judge federal court at Richmond in upholding the validity of the Virginia countersignature law in the important test case that was brought by the member companies of the Association of Casualty & Surety Executives, is being scrutinized by insurance people throughout the country. The law committee of the casualty executives association is meeting this week to decide whether further action shall be taken. From the outset, it was understood that the case would be appealed to the highest tribunal, by the losing side.

The court stated that the statutory provisions are not so unreasonable and arbitrary as to render the legislation void. "It is for the legislature of the state," the decision declared, "to determine what economic policy will best serve the interest of its citizens, and to this end it may regulate or even prohibit a particular type of business in order to promote what it deems to be the public welfare."

#### Important Object of Statute

The court mentions the contention of the companies that the sole purpose of the statute is to profit the resident agent to the detriment of the non-resident broker, the salaried resident agent, the insurer and the assured. One of the purposes, according to the court, certainly is to increase the income of the resident agent, but that is not the only purpose or probable effect.

"The important object of the statute," the court asserted, "is to require that all policies shall be placed by a resident agent, who shall take a real and not merely a nominal share in the placing of the business and in performance of the contract. Of this main purpose the requirement of countersignature by the resident agent is only a minor and incidental part, of little importance except as indicating that the resident agent shall become an active factor in the business, especially when coupled with the major requirement that he shall be entitled to the whole commission of which he must retain one-half. The latter requirement, it is reasonable to conclude, will probably lead to greater participation on the part of the resident agent and he will be expected to render to the company and to the assured all the services of which he is capable. The tendency will be to create a more efficient agency force with the result that the local interests of the assured will be better served."

The provision for countersignature, is common throughout the country, the court observed. The Virginia provision that the countersigner shall be a commission rather than a salaried agent is designed, according to the court, to make certain that the commission agent, whose co-operation in the enforcement of the insurance statute is desired, shall have knowledge of the issuance of policies and of his right to share in the commissions and in the subsequent activities under the contract.

The salaried agent has no complaint, the court stated, because in the past he has received no compensation for countersigning.

The court said it recognizes that the

## Postpone Chicago Cost Control Date Again; Dec. 1 Is Set

NEW YORK—Application of the revised rules to govern the writing of business in Cook County, Ill., adopted by the surety acquisition cost conference some weeks ago, has been deferred from Oct. 1 to Dec. 1. The special committee which studied the problem initially meantime will consider a number of suggested changes in the program advanced by Chicago agents and managers. Once it completes its task the result will be submitted to a full membership meeting of the conference.

#### Casualty Rules Situation

As the revised rules of the casualty acquisition cost conference were to have become effective coincidentally with those applicable to surety lines, members of the casualty body have been asked to postpone enforcement of their program to Dec. 1, as well. It is assumed this will be done.

The action was determined upon at a well attended meeting of the surety conference here Tuesday.

statute disturbs non-resident assured who have risks in Virginia. The court admitted that such proprietors have no need for the services of Virginia resident agents and that their affairs are so complicated that the average Virginia agent lacks the technical knowledge and skill with which to serve them. The interests of non-resident assured can be best looked after by brokers at the great centers of population where the head offices of insurance companies and assured are located and in Virginia by the engineering and claim personnel of the companies. The substantial compensation required by the statute to be paid to the Virginia agents will increase the cost of the business.

#### Don't Offset Advantages

Although these circumstances have material bearing on the reasonableness of the statute, the court stated that they do not offset the advantages.

The court stated that the production of from 10 to 20 percent of Virginia coverage outside the state is attended by a loss of business and of revenue by Virginia agents. In 1937 casualty and surety premiums covering Virginia risks were \$9,143,833, producers commissions of 13.5 percent amounted to \$1,234,417. Assuming that 15 percent of the coverage was produced outside the state, the Virginia resident agents lost \$185,161 in commissions.

"Under present out-of-state production technique," the court asserted, "Virginia casualty and surety companies, not doing business on a national scale, cannot compete with large foreign corporations for 10 to 20 percent of insurance on persons and property within the state, since the small domestic companies cannot offer reduced premiums on hotch potch and interstate contracts with Virginia coverage included."

#### Local Grocer vs. Chain Store

Local businessmen and industrialists, according to the court, suffer in competition with national corporations, because they are required to pay more for their Virginia insurance than their large competitors who "buy hotch potch policies outside the state. The local grocer, for example, pays more for his insurance than does the chain store. . ." the court stated.

The court overruled the contention of the casualty companies that evidence should not be offered as to the practices of fire companies in connection with countersignature. Although conditions with reference to casualty and surety differ from those in fire insurance, the court stated, the evidence of the custom

voluntarily adopted in one line has some bearing on the reasonableness of the act which imposed a similar custom as a duty on another line of the same general business.

The companies argued that Virginia in regulating contracts executed outside of the state as well as contracts executed therein, assumes the right to exercise beyond its territorial limits legislative authority which exceeds the limitations imposed by the federal con-

stitution and that the act is not saved by the fact that the contracts to which it relates cover exposures and involve acts of performance within the state.

Several cases were cited and the court concluded that the statutory requirements have a reasonable relation to the risk covered by the contract and to the performance within the state of the obligations undertaken by the insurer.

As a result of the decision, H. V.

*"I'm glad I switched to the NEW way"*



**Hartford Accident**

and the **HARTFORD FIRE INSURANCE COMPANY** write

Godbold, Richmond local agent, has asked Commissioner Bowles for a ruling as to how agents shall proceed with policies placed with them through non-resident brokers.

"Our companies," Mr. Godbold stated, "hold that the law merely provides that no contract of insurance covering persons or property in Virginia shall be written by an authorized company unless such contract is duly countersigned by a resident agent of such company

and under the circumstances it would seem that nothing more is required of the resident agent than to countersign such contracts as may be referred to him. Of course, in cases where the policy or contract applies exclusively to persons or property in Virginia the resident agent will countersign the policy as such. In those cases where the policy contract applies countrywide, they seem to be of the opinion that the law is fully complied with if the resident agent will

countersign the declarations and endorsements applicable in respect to the Virginia portion of the risk, they taking the position that nothing in the law would require the company to issue a separate policy applicable in Virginia.

"They contend that the law does not provide that the resident agent personally shall collect the premiums; that it merely provides that there shall be collected at the time the contract is written, or within reasonable time there-

after, the full premium on such contracts and under the circumstances it would seem that it would be perfectly proper for the non-resident agent to collect the premium on behalf of the resident agent, and that the non-resident agent is the agent of the resident agent for the purpose of collecting the premium.

"According to our interpretation law provides . . . that the full premium on such contracts so far as Virginia is concerned

(CONTINUED ON PAGE 28)

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"A little over a year ago an insurance man gave me a new slant on the whole question of insurance.

"He convinced me that I might suffer a heavy loss sometime if I went on just 'taking out' policies with little regard to *how much* I might lose or *how* I might lose it.

### Insurance Must Fit Needs

"He showed me that one man's insurance requirements may differ radically from another's. I play golf; my neighbor doesn't. Bill has some paintings and a valuable stamp collection; I haven't.\*

\* I need Golfer's Liability Insurance. Bill needs a "Fine Arts" policy and coverage on his stamps, too.



"So this insurance man studied my whole set-up to find out just what my risks were—and then he built an insurance program to meet them. That's how I happen to have enough burglary and robbery insurance to cover our recent loss—even though the burglars took practically everything but our furniture."

### Call Western Union

You too, should learn more about the NEW way—the *smart* way—of buying insurance. Just call Western Union (in Canada call Canadian National Telegraphs) and ask for the name of the nearest Hartford representative. Or get in touch with your own broker.



This NEW national advertising campaign sells to the services of the producer A fresh slant on an old problem

# Hartford Accident and Indemnity Company

PRACTICALLY every form of insurance except life

Hartford, Connecticut

## Travelers Officers Before SEC Probers

(CONTINUED FROM PAGE 19)

non-collateral loan too. This non-collateral loan amounted to \$15,000. It is still in force and Gesell brought out that the bank examiner had listed it under "slow and doubtful paper."

Later Gesell asked Mr. Fisher for figures on what he designated as "underwater" loans—meaning the amount by which the value of the collateral fails to equal the amount of the loans. Testifying as an official of the Travelers Bank & Trust Company, which the Travelers owns 100 percent, Mr. Fisher said this deficiency on loans to Travelers officers, directors and employees amounted to \$370,000 in the middle of 1932. A minute of a finance committee meeting held at that time stated that "wherever possible steps had been taken to cover this deficiency by the pledge of life insurance or mortgages or by regular payments on principal; this matter has had the continuous attention of the officers and the finance committee for some time and the course that has been and is being taken is believed to be the best for the interests of the bank and depositors under the present circumstances."

Mr. Zacher vigorously defended the soundness of the two Hartford banks being permitted to make loans to officers, directors and employees of the Travelers. J. J. O'Connell, special assistant to the general counsel of the Treasury Department and the latter's representative on the monopoly committee, raised the question.

### Sees No Danger

"Do I understand that it is your belief that the practice is not one which is in danger of being misused?" he asked.

Mr. Zacher said he thought that in view of the supervision of the Connecticut banking commission there was no danger.

"Isn't it fraught at the very least with the danger of colored judgment?" Mr. O'Connell persisted.

"You can't legislate morality," Mr. Zacher replied.

Asked his opinion of laws in certain states which bar loans to bank directors, Mr. Zacher said that "if they can't borrow directly they'll borrow indirectly. If they want the money they'll get it." He pointed out that bankers under such circumstances merely go across the street to a competitor bank, with the understanding the courtesy will be reciprocated.

### Quotes Armstrong Report

At that point Gesell read into the record an excerpt from the Armstrong committee's report which scored insurance company investments in stocks on the ground that the investor must either be a minority holder at the mercy of majority stockholders or else build its equity to the point of a controlling interest, in which event it must go actively into business in that field rather than sticking to life insurance. The statement went on to laud bonds as against stocks. Gesell's point was that the Travelers' investments in bank stocks tended to that extent to distract the company from its insurance operations.

"That's just as foolish as a lot of the other things that were passed at that time," said Mr. Zacher, referring to the Armstrong excerpt. He cited the faith of investors in railroad bonds and then declared that it is very hard to frame legislation which will fit conditions any distance into the future.

Asked if any of the insurance commissioners had questioned the Travelers' ownership of the Connecticut River Bank and the Travelers Bank & Trust, Mr. Zacher said the situation was well known to Connecticut insurance and banking authorities. As for other states, he said that they were accustomed to follow the lead of the Connecticut department on Connecticut companies.

Besides loans to directors, there was considerable questioning on bank loans to agencies against renewal commissions, also on the lending of Travelers funds, through the bank medium, in the call money market. Loans to agents, Mr. Zacher testified, were the result of the depression's drying up normal credit facilities. The company considered it good business to keep these agencies from going to the wall. He pointed out that the loans were amply secured and while the banks took the Travelers' recommendation into account when making them, they were judged on their merits as banking transactions. Mr. Zacher said if the Travelers' banks had not been able to finance the loans, he would have gone to other banking connections to try to get them for the agents.

Here again the Treasury Department's representative tended to be critical.

"The net effect was to make a loan through the bank which would have been illegal for the company to make itself, was it not?" asked O'Connell, after a reference to the New York law barring direct loans on renewals.

Mr. Zacher replied that it could have been arranged through some other bank. "But it was a loan which you would have been penalized for if you had made it yourself?" asked O'Connell.

"But we didn't make ourselves," Mr. Zacher answered.

### Had Counsel's Advice

The Travelers chief went on to say that the company had avoided, up to the depression, the making of such loans even through its banks because of possibility that they might be questioned by the New York department. However, when the depression choked off agents' credit in many localities the situation became acute and on advice of its counsel, the late William Brosmith, that the loans so made would not be "direct or indirect" within the meaning of the New York law, the company relaxed its ban on loans via the bank route.

"If he had said it was not legal, I'd have gone to some of my other banking connections, but as long as he said it was proper we went ahead and did it," said Mr. Zacher.

The witness agreed with Gesell's observation that if any loans resulted in losses they would constitute a loss to the Travelers as owner of the banks, but pointed out that the danger was minimized by careful selecting.

### Not All Got Loans

"Some requests were denied," he said. "The records don't show that."

"Wasn't the purpose, as a practical matter, to defeat the provisions of the New York insurance law?" O'Connell put in.

"I wouldn't say that" Mr. Zacher replied. "The purpose was to help these people out." He went on to say that an

### To Talk on Compulsory Automobile Insurance

John W. Downs, veteran general counsel of the Insurance Federation of Massachusetts, who has given probably more study to the compulsory insurance situation in his state than any other man in the business, will speak at the Oct. 5 session of the convention of the National Association of Insurance Agents in Boston on "Eleven Years' Experience with the Massachusetts Compulsory Automobile Insurance Law."



John W. Downs  
Insurance Law.

alternative would have been the outright purchase of the renewal interests instead of having them pledged as loan collateral and that there would have been no legal barrier to this.

Rather than quiz Travelers and bank officers on all the loans, Gesell put G. C. Jenkins, analyst on the SEC insurance staff, on the stand to give aggregate figures on loans to Travelers officers, directors, employees and agencies by the two banks. Taking first the Connecticut River, he said that 12 agents or agencies made 23 loans, exclusive of transactions representing renewals of existing loans. Life insurance renewals constituted the collateral, although in most cases the borrowers were substantial general insurance producers as well. These loans amounted to \$150,696, the smallest being \$700 and the largest \$60,000.

### Aggregate Figures Given

Loans to officers and directors, exclusive of renewals of existing loans, totaled since 1912 \$3,047,664 in the Connecticut River Bank. These were made to 53 officers and directors and ranged in size from \$110,000 down to \$150. With few exceptions they were collateral loans. Money lent to 183 employees by this bank totaled \$605,833. There were 430 loans, ranging from \$10,000 down to \$25. The total outstanding as of July 20, 1939, including loans to all officers, directors, and employees, was \$493,758.

The witness said that most of the loans to officers and directors began with small amounts and gradually grew. He cited one case of a borrower whose loans at their peak amounted to \$122,132 and are still around \$65,000. He said the Travelers and its affiliates from 1931 to 1938 accounted for 56 percent of the Connecticut River bank's approximately \$7,605,000 average total deposits.

Returning later to testify on the Travelers Bank & Trust, Jenkins said that from 1920 to 1939 20 officers and directors of the Travelers had borrowed, other than on mortgages, \$347,442, bringing the grand total in both banks to \$4,217,628. He said 76 percent of the commercial deposits of the Travelers Bank & Trust are from the Travelers Insurance Company and its affiliates.

### Helps Buy Homes

Again on the stand, Mr. Zacher testified that loans to employees were mainly on mortgages and to enable them to buy homes. While these loans could have been made by the company, he said it would have been embarrassing to make them direct because it was the custom in Hartford for the insurance companies to leave the residential loan field pretty much to the banks, particularly the mutual savings banks.

Gesell brought in figures by which he attempted to prove that the rate at which money could be borrowed at the two Travelers banks varied inversely with the borrower's rank at the home office. Mr. Zacher denied this, saying that the apparent differentials in the few cases cited were undoubtedly due to differences in the character of the loans, a short term loan naturally getting a lower rate. Mr. Zacher emphasized that every effort is made to see that collateral on loans conforms with the Connecticut laws. As far as other states are concerned, he said that it is the custom to follow the home state insurance department.

### Where New York Law Applies

Questioned by O'Connell as to why the New York law should not apply here, since it would prevent direct or indirect loans to agents on loans secured by renewals, Mr. Zacher pointed out that the loans to agents are barred as a matter of regulating acquisition cost and in such circumstances companies licensed in New York would have to abide by the law there.

Asked about his approving loans to himself while a member of the banks' finance committees, Mr. Zacher said that it had not then become the "fashion" for directors to leave the room when their own loans were being considered.

## Presides at International Claim Association Meet



A. G. FANKHAUSER

A. G. Fankhauser, chief adjuster of Continental Casualty, Chicago, president of the International Claim Association, was in charge of the annual meeting of that organization held this week at the Westchester Country Club, Rye, N. Y.

He considered the loans he was applying for to be good loans he said, and saw no reason for avoiding his share of the responsibility for passing on them.

### Quizzed on Demand Loans

As to putting money out in demand loans, which was back in the pre-depression days when money would bring as high as 14 percent, Mr. Zacher said this could have been done direct just as well as through the bank but that the array of detail required on each loan in the annual statement blank made it desirable to put the money in the bank and let the bank lend the money. Gesell tried to probe for some other reason, suggesting that a large withdrawal from the demand-loan deposit in the bank, around \$2,000,000 close to the year-end, followed by similarly large deposit in February, might be due to desire to make a showing in the annual statement figures.

Mr. Zacher said it would have made no difference in the statement figures, since if the money had been left in the bank it would have been entered as money in the bank. He suggested that the large February deposit might have resulted from agents' balances coming in after the first of the year.

### Drake Heads Liaison Committee

NEW YORK—Hervey J. Drake, counsel for the Association of Casualty & Surety Executives, has been appointed by the American Bar Association chairman of the liaison committee to confer with the National Association of Insurance Commissioners. He will continue as a member of the bar association's committee on qualification and regulation of insurance companies. Associated with him on the liaison committee are Allen E. Brosmith, Travelers, vice-chairman; G. W. Brown, American Mutual Alliance, Chicago; W. E. Stanley, Wichita, and Felix Hebert, Providence.

E. W. Patterson of Columbia University, is chairman of the committee on qualifications and regulation of insurance companies.

### Sue on Columbus, Ga., Tax

COLUMBUS, GA.—Suit for injunction against this city, to prevent collection of the 2 percent tax levied on insurance premiums earned on risks outside the city and in Alabama and other states, has been filed by the Fidelity & Casualty.

Banish Old Man Hard Luck on Hoodoo Day by selling accident policies. Send 10 cents for campaign plans to A&H Review, 175 W. Jackson Blvd., Chicago.

## New York Asks Law Ruling on Form

### May Permit Medical Expense Rider to Automobile Liability Policies

NEW YORK—Pending receipt of an opinion from its counsel, to whom the matter has been referred, the department will not pass upon the medical expense rider for attachment to automobile liability policies, as submitted by various companies. The department is uncertain whether the indemnity may be written as extended automobile coverage under the laws of this state, and it is upon that point it seeks enlightenment.

The American Mutual Alliance and National Bureau of Casualty & Surety Underwriters prepared separate endorsement forms for optional use by their members. While a number in each group indicated intention to use them, others are holding back and studying the matter, especially with regard to what experience under the additional hazard may be expected.

#### Question of Classification

Several states in addition to New York, likewise are holding the matter in abeyance, speculating as to whether the indemnity should be classified under the laws governing accident insurance, or those regulating the issuance of automobile liability policies.

Commissioner Blackall of Connecticut sanctioned use of the rider under certain restrictions, and it is understood the California commissioner is looking into its legality.

The New York department seemingly favors giving the additional coverage idea a try-out, its hesitancy in approving any of the submitted forms being due to the uncertainty as to whether the statutes will permit doing so. Should counsel hold against the proposition, it is believed amendatory legislation will be sought by the department at the next session of the legislature.

#### RULED OUT IN NEBRASKA

LINCOLN, NEB.—Following correspondence with the joint committee of stock and mutual companies writing automobile insurance, J. S. Logan, attorneys for the Nebraska department, has advised Director Smrha that under the Nebraska law the new "medical payments endorsement" cannot be made a part of automobile liability policies.

Mr. Logan takes the position that as the endorsement is for the purpose of providing coverage where no legal liability exists on the part of the insured, it is not possible to classify it as automobile liability insurance. It can, however, be written under a general insurance statute which, in effect, permits the assumption by an underwriter of any risks that an individual cares to indemnify himself against in writing, but he doubts if this would have much company appeal, as the main purpose of the endorsement is to strengthen sales arguments for purchase of liability policies.

Mr. Logan says its proper classification is reimbursement for nuisance claims, since the endorsement says the company shall have the right to require as a condition precedent to payment of a claim a release or agreement that no action shall be brought against the policyholder or company arising out of any claim of legal liability for bodily injuries or death.

#### Burglary Club Meets Oct. 4

The Burglary Club of Chicago will get under way Oct. 4. Walter Klein, Standard Accident, is president. The club will meet at 12:15 at Klein's restaurant immediately across the street from the Insurance Exchange.

## Plans Being Made for the Casualty Annual Roundup

Plans are being completed for the joint convention of the International Association of Casualty & Surety Underwriters and the National Association of Casualty & Surety Agents at White Sulphur Springs, W. Va., Oct. 9-12. C. C. Jones of Kansas City, agency president, will preside at the first day's deliberations; J. M. Haines, U. S. manager London Guarantee & Accident-president of the company group, will be in charge the second day. Some insurance commissioners, it is expected, will be present and will speak informally.

R. J. Kelly, a Detroit attorney, prominent in the American Legion, and Attorney T. W. Bethea of New Orleans will discuss consumer cooperatives. Vice-president J. G. Yost of the Fidelity & Deposit will again head the golf committee and Spencer Welton, vice-president, Massachusetts Bonding, the entertainment committee. Kenneth Spencer, president Globe Indemnity, becomes chairman of the reception committee. Mrs. H. P. Jackson, wife of the president of the Bankers Indemnity, is chairman of the women's contract bridge committee. G. E. Charlton of Lawrence, Kan., is chairman of the get acquainted committee.

## Clarity Indiana Auto Ruling

NEW YORK—Effective Sept. 20, member companies of the National Bureau of Casualty & Surety Underwriters will reduce rates upon class A automobiles in Indiana 25 percent below those now charged. Should the commissioner sanction use of the safe driver plan a still further reduction in rates would probably follow.

INDIANAPOLIS—The ruling by Commissioner Newbauer of Indiana, announced last week, permitting a cut of 30 percent from manual rates on class W passenger automobiles in Indiana, amending his previous ruling setting the base at 20 percent under manual, does not change the former position of the department forbidding the use of the safe driver reward plan. Mr. Newbauer said that he is governed by a ruling of the attorney-general to the effect that such a provision, in the attorney-general's opinion, is a discriminatory rate reduction and is not permissible under the Indiana statutes.

#### Mutuals Have Edge

As to dividends by mutual companies, Mr. Newbauer says that mutuals may use the same rates as stock companies and may cut the manual rates 30 percent and then may pay dividends as heretofore. He views dividends paid to members of mutual companies as comparable to dividends paid to stockholders of stock companies. However mutual companies are warned not to use the prospect of dividends as an inducement to buy, as this would be a violation of the anti-rebate law. Also it is pointed out that such dividends as are declared must be based on the profits from this particular classification and not the mutual company's entire business as that, again, would be penalizing the remaining members of the mutual for the benefit of a single group.

#### Hannah Second Vice-president

C. C. Hannah is elected second vice-president of the Fireman's Fund Indemnity. He has been second vice-president of other Fireman's Fund companies since last August.

## Zurich Official Makes Escape from Europe



HARRY H. FULLER

Harry H. Fuller, deputy U. S. manager of Zurich, landed in New York last Saturday on the "Ile de France," after a thrilling and exciting experience in Europe. Mr. and Mrs. Fuller had been away about six weeks on a vacation trip and had passage on the "Empress of Australia," sailing from Southampton, Sept. 23. They got to Brindisi, Italy, to embark on a steamer for Istanbul, but the sailing was cancelled at the last minute. Conditions in Europe by this time were becoming critical, although Poland had not yet been invaded.

They took a train from there to Paris, getting into France just after the Italian-French border was closed. They booked passage on the "Normandie" and waited in Paris for several days, until it became clear that the "Normandie" was going to continue to be moored in New York. On the advice of the French manager of Zurich, the Fullers went to London and Mr. Fuller set to work in energetic fashion to get some sort of accommodations. He made reservation on the "Ile de France" and just as the Fullers were leaving for the boat train, a notice went up that the sailing had been cancelled. The French line office was not sure whether the sailing would be made at a future day or not.

#### Got Other Accommodations

Due to the uncertainty, Mr. Fuller got mattress accommodations on the "Washington" of the United States Line. Then he got back to his hotel and was notified that the "Ile de France" would sail after all that evening. Although the United States lines had set up the rule that they would not accept accommodations, Mr. Fuller exerted his salesmanship successfully and switched back to the "Ile de France."

The boat train, which was in complete darkness, left London in a rainstorm. At Southampton, the train was run into a shed, where it remained for two hours, with the rain continuing.

At midnight the passengers went aboard the tender. The exact position of the "Ile de France" was not known and the ship was in complete darkness. It took the master of the tender three hours to find the ship. For three days the "Ile de France" proceeded through fog and did not use the fog horn until the third night. Then it was muffled so that it was barely audible to those on the boat itself. The passengers were given no news during the trip except that war had been declared, that the Bremen had been captured and that 1,400 people had been drowned when some boat was torpedoed.

A. B. Fuson has purchased the Veach & Fuson agency, North Kansas City, Mo. Roy Veach will continue as a broker.

## Lewis Tells Effect of War on Surety

### Head of Tower Rating Bureau Gives Word of Caution

NEW YORK—A note of caution to the fidelity and surety business in the United States that a protracted war in Europe will be likely to produce adverse underwriting experience in this country was sounded in New York by M. W. Lewis, president of the Tower Rating Bureau. Mr. Lewis says that the business should guard carefully against an attitude of over-confidence based upon an expansion of business due to the war overseas.

#### Temporary Business

"Some may say that the European war may produce additional business," he wrote. "That is true. But such business does not always turn out to be profitable, and it is always at the expense of peacetime business which is far more desirable. Any type of temporary business must earn its own way through the temporary period, because when that period is over there will be no new premiums to take care of its losses. But normal peacetime business, which goes on year in and year out, is far more desirable and is always seriously retarded during any such condition as now confronts us."

The war, Mr. Lewis added, can very readily adversely affect contract bond and future fidelity, public official and fiduciary bond underwriting results. While the surety companies thus may be called upon to pay increased losses, the rating executive said, their financial structure is now so sound that they can readily absorb them. Surety company management, he promised, is alert to the problems ahead.

#### Gives the Main Effect

"I wish to reiterate that—  
1. In my opinion the European war can very readily have a decided effect upon contract bond underwriting. If other industries should offer higher wages to those engaged in contracting and if prices and materials as well as labor should increase, then the contractors and their sureties may become involved on pending contracts.

2. I am definitely of the opinion that the European war will adversely affect future fidelity, public official and fiduciary bond underwriting results. The present speculation in the securities and commodity markets will when a reversal comes create fidelity losses, many of which will not be immediately detected but will remain hidden for a period of years.

"While surety companies may be called upon to pay increased losses their financial structure is such that they can readily absorb them. Never in the history of corporate suretyship have companies been in such a sound financial position, nor has their management been more alert to the problems confronting them."

#### Detroit Association Outing

DETROIT—The Michigan Casualty Underwriters Association will have a river and lake cruise aboard a chartered yawl, leaving Detroit about 5:30 p. m. Sept. 15 and proceeding up the Detroit river and into Lake St. Clair. A buffet supper will be served aboard the vessel. H. C. Hollister, Detroit Insurance Agency, is president. Albert Mass, Zurich, heads the arrangements committee.

Governor O'Daniel of Texas has re-appointed T. B. Hill as member of the State Industrial Accident Board for a six-year term.

The Surety Underwriters Association of Southern California held its first fall meeting in Los Angeles Sept. 6, and amended its by-laws to bring them into accord with company practices.



vice of W. E. Lebby, state manager Massachusetts Indemnity, Los Angeles, has resigned to become a member of the brokerage firm of Teague & Webster, 555 South Flower street. Before joining the Lebby agency, Mr. Van Deusen was an adjuster in the Los Angeles office of the Travelers for three years.

#### Snapp Buffalo General Agent

Lawrence Snapp has been appointed general agent of Loyal Protective Life in Buffalo, N. Y. He has had extensive experience in the health and accident and life insurance field, as a producer and supervisor.

#### Miller to Seattle

Harlan L. Miller, well known for many years in the accident and health field in San Francisco and Oakland, Cal., has been appointed agency supervisor for the Northwestern Life & Accident at the head office in Seattle.

#### Plan Hoodoo Day Drive

Hoodoo Day will be observed Oct. 13 by the Accident & Health Managers Club of San Francisco, according to J. H. Casenave, Hartford Accident, president. Preliminary plans were discussed at a meeting last week.

**R. H. Hepfer**, one time manager of the life department of the general agency of Cravens, Dargan & Fox in San Francisco, who recently resigned to join the medical and hospitalization division of Associated Indemnity, has been transferred to the Los Angeles office, in charge of servicing the medical business in southern California.

## SURETY

### Morehouse Joining the Towner Bureau

The Towner Rating Bureau announces that P. T. Morehouse will become associated with the bureau Monday. He replaces E. V. Roth, who recently resigned to become assistant secretary of the Surety Association of America. He is 37 years of age. He attended Peekskill Military Academy, Peekskill, N. Y., and is a graduate of Amherst '28.

He was with the Great American Indemnity under Vice-president E. C. Lunt for seven years in its fidelity and surety department, terminating his service there in January, 1936, to enter the firm of Ewarts, Choate, Curtin & Leon of New York as an attorney.

With the bureau Mr. Morehouse will act as counsel, in addition to which he will have supervision over court and probate bond classifications as well as such other classes of business as may be assigned to him after he has become acclimated to his new duties.

#### Postpone Opening Dam Bids

LOS ANGELES — Bonding companies' branch offices in Los Angeles, which were interested in the proposed opening of bids for the Friant Dam, one of the units of the Central Valley Water Project, scheduled for Sept. 7, were no-

tified by telegram from Washington that the opening of bids had been indefinitely postponed, owing to the instability of materials prices. The project would have called for a performance bond of \$2,000,000 and a payment bond of \$2,500,000.

#### New Chicago Subway Bonds

Two surety bonds covering the construction of the Chicago Subway have been issued by the Maryland Casualty. The bonds are 50 percent of the contract prices, which are \$8,500,000 for the State street subway and \$7,000,000 on

the Dearborn street tube. The Healy Subway Construction Company is the contractor. The Maryland also signed the bond on the first section of the subway.

#### Snyder Standard S. & C. Bond Head

William E. Snyder has resigned as surety manager in the New York city office of Ocean Accident to become head of the bonding department of Standard Surety & Casualty at the head office. Mr. Snyder was connected with National Surety five years, Globe Indemnity four years, London & Lanca-

shire Indemnity two years and Central West Casualty five years. He has been with Ocean Accident 13 years.

#### Big Bond on Housing Project

The United States Fidelity & Guaranty is the originating company on the bond of the contractor who obtained the contract for the \$8,000,000 Ida B. Wells south side housing project in Chicago which has just been started. The bond carries a penalty of \$6,034,000.

Answers to 345 insurance problems given in revised edition of *Right to the Point*. \$1 from National Underwriter.

**"Unforeseen events... need not change and shape the course of man's affairs"**



### BROKEN: One Puppy's Leg—One Little Boy's Heart

No one would deliberately break a puppy's leg... and a little boy's heart. And somewhere there is a driver who won't sleep very well tonight. Over and over, a terrifying thought will repeat itself... "A few inches more and I might have run down the child."

The Maryland has long been a leader in the fight to lessen automobile fatalities. The saddening fact is that so many of these accidents could be averted.

All it requires is the exercise of common sense on the

part of the driver, and ordinary caution by pedestrians.

If you are a parent, supplement the work The Maryland is doing in schools—train your children never to cross streets in the middle of the block, never to play in the street.

If you are a driver, train yourself to drive carefully, always on the alert. With your individual interest and help, the cause of safety can progress more rapidly. Maryland Casualty Company, Baltimore.

*The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.*

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SILLIMAN EVANS, Chairman of the Board

EDW. J. BOND, JR., President

*This advertisement appears in TIME • FORTUNE • BUSINESS WEEK and FORBES during the month of September*

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**THE HANDWRITING ON THE WALL!**  
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THE OWNER OF EVERY BUILDING IN WHICH THERE IS A TAVERN,  
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**MAY LOSE HIS BUILDING,**  
 TO SATISFY ANY JUDGMENT AGAINST THE TAVERN KEEPER  
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WITHIN THE PAST FIVE YEARS THERE HAVE ARisen

More than 5 suits for	\$100,000
More than 35 suits for over	\$25,000
More than 50 suits for over	\$25,000
More than 100 suits for over	\$10,000

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**A. F. SHAW & CO.**  
 INSURANCE EXCHANGE, CHICAGO  
 PHONE WABASH 1068

**Claim Men Hold Annual Rally at Rye, N. Y.**

(CONTINUED FROM PAGE 19)

surance to kindle the imagination. If a man has a conscious understanding of what insurance means, he will be successful in his work and satisfy everyone with whom he deals as well as himself. The president thanked the various committees for the wholehearted cooperation given him in the past year, calling special attention to the work done by Mr. Reidy, Secretary L. L. Graham, director of field service Business Men's Assurance; F. L. Templeman, manager, accident and health department, Maryland Casualty; G. M. Day, chairman of the program committee; J. D. DeWitt, chairman of the entertainment committee and H. S. Don Carlos, chairman of the committee on lay adjusters.

"The proper handling of claims is the most vital act in the entire drama of personal insurance," declared President F. B. Wilde of the Connecticut General.

"Up until the point where some benefit payment is indicated under an insurance contract, the whole story has been a series of words, starting with the salesman, but at the point of claim, we come to the realities.

"There is no individual factor in the insurance business of equal importance in public relations as the claim man," the speaker asserted. There are more agents and hence more contacts so that the agent collectively is the first and foremost factor in public relations, but as far as individual influence of one man is concerned, there is no one of such importance as the claim man. His public relations work starts with the indirect relationship to the salesman. In selling insurance in most instances, considerable conversation ensues between the salesman and the buyer. It is often hard for an agent to be certain that the purchaser has a clear understanding of the terms of the policy. Many times an agent himself, because of the many lines he handles does not have as clear a picture as he should of the limitations of the coverage his prospect is buying. The claim man should appreciate this fact and be tolerant and sympathetic with both the policyholder and the agent.

Rights of the Customer

Mr. Wilde stated that a customer is entitled to three things: First, promptness in replying to the notification of the claim. Second, the adjuster should be perfectly certain that the policyholder has a clear understanding of what is or is not covered by his policy, and he should be instructed in the technicalities of perfecting his claim. Many disgruntled policyholders result as a misunderstanding of the correct way in which to fill out the necessary papers for proof of injury. Finally, there should be a promptness of decision and of payment, or a clear explanation of why the payment is not made.

The agent may be indirectly involved in the claim man's work and the claim man involved in the agent's work. The goodwill of the customer, a renewal of his business, and a recommendation to his friends are the returns of good claim service.

"The frequency of fraudulent claims tends to build up in the claim man's mind a distortion of value. A claim man can never be measured by his saving on claims presented. The test of a good claim man is to see that the largest possible number of claims passing through his office each year result finally in a customer who is satisfied, or who at least feels that the company treated him fairly."

"The claim department is and must be a payment department, not a salvage unit," Mr. Wilde continued. "Good underwriting results flow from agents of good standards as well as competent underwriting. A company cannot expect the claim department to produce favorable underwriting ratios.

"If insurance, as well as other industries, is to remain in private hands, it

must be because the members of that industry are alert to the public demands."

"Diseases of the Lungs" were discussed by Dr. Edgar Mayer, assistant professor of clinical medicine at the Cornell University Medical College.

"There are from \$30,000,000 to \$40,000,000 paid to tuberculosis patients by insurance companies each year." Tuberculosis takes its greatest toll among skilled laborers.

Dr. Mayer stated that one of the chief problems facing the insurance companies today in settling claims is the accuracy of the diagnosis and the supporting evidence to prove it. In this connection he said it is now possible to make an accurate diagnosis in well over 90 percent of the cases. He described the various methods used and said that x-ray has proved the best for lung diseases. An x-ray will reveal tuberculosis from two to three years before the actual symptoms appear. He outlined the several different types of lung diseases, illustrating his points with slides showing the lungs and respiratory tracts in the various stages of the disease.

Another question before the companies is that of the length of disability. He said that in latent cases it is better to allow disability for six months, allowing the patient to rest and recover, rather than to refuse the disability claim altogether only to have the patient eventually completely disabled.

Dr. Mayer expressed the belief that there is sufficient data existing today to set up certain standards by which the companies can allow disability for given periods. He advocated the establishing of a medical board to take up this subject.

Four New Members

F. T. Bernhard, Home Life of N. Y., chairman of the membership committee announced the addition of four new members: Guaranty Union Life, Hollywood, Cal.; Sunset Casualty, Olympia, Wash.; Texas Prudential, Dallas; Sterling of Chicago.

The delegates arrived Sunday and an informal reception was held that night by the officers and executive committee. Monday afternoon there was a trip to the United States Military Academy at West Point.

Dr. Mayer, who spoke on Monday, only arrived home last Saturday. He crossed on the S. S. "Ile de France" and gave an interesting account of his sensations and experiences during the trip. The ship was blacked out every night and the passengers were told by those embarking at Southampton that it was completely invisible as they approached it in the water.

H. C. Walters, general counsel and vice-president National Casualty, spoke on "Materiality of Misrepresentation." His paper embraced a digest of the applicable laws of the different states. Inasmuch as the state insurance statutes now not only control the rulings in insurance cases of the state and federal courts but also make obsolete all prior decisions of those courts which are not in keeping with the new procedure, Mr. Walters called attention to the fact that decisions prior to 1931 might prove contradictory. He recommended the free use by younger men in loss departments of ready reference digest and insurance decisions now available in book or pamphlet form.

Approaching his subject from the viewpoint of the claim man the speaker devoted some time to a consideration of what it seems advisable for the claim department to do when it appears that a policy has been procured through misrepresentation sufficient to destroy the contract. To guard against waiver he said, "If it be contended that the contract was void from the beginning, nothing should be done which would result in a recognition of the policy. The

average policy confers the right to an autopsy. If it never went into effect, that right does not exist, and an autopsy should not be requested, unless it be coupled with a statement clearly serving the right of the company to contend, notwithstanding this demand, that the contract never became effective, if the facts seem to it to warrant such contention.

The actual reasons underlying the reservations should be stated in a general way, i. e., that the policy was procured by concealment of the fact of previous illnesses, medical or surgical attention or hospital experience—as the case may be.

Care should also be taken not unconditionally to invite or request proofs unless enacting a waiver. Proofs are often of great value and should be obtained where it can be done without enacting a waiver. He cautioned that in those states that permit cancellation in equity, rather than on the law side of the courts, prompt action to cancel should be taken. Success will more frequently attend an equity proceeding, where the court passes on the issues, than in a law action, where the jury demands the facts.

The good faith doctrine opens the door wide to fraud, Mr. Walters said. It is easy to allege good faith and hard to prove the contrary. Hospital insurance writers are learning this at a substantial cost.

#### History of Coast Guard

History of the United States Coast Guard was given Tuesday by Capt. R. W. Dempwolf, commandant United States Coast Guard. He was introduced by Charles E. Anstett, superintendent inspection department New York Life, who was an officer of the Coast Guard for 11 years.

Speaking of the Rehabilitation of Disabled Policyholders," W. E. Hein, State Mutual, asserted that efforts in this direction can bring about astounding results. There is not only personal satisfaction in a job well done and a deed of kindness performed but there is a tangible effect on the balance sheet, a saving in the loss ratio, and a rehabilitated claimant who is probably the best kind of advertising that a company can obtain.

Dr. William B. Smith, Connecticut Mutual, conducted a medical question box in which prepared questions were answered and discussed.

President Fankhauser appointed the following on the nominating committee: E. E. Elliott, Omaha, chairman; L. O. Kinne, Hartford; H. J. Walters, Pittsburgh; J. T. Bost, Toronto, and Harry Bayer, New York.

The golf tournament was held Tuesday afternoon and the annual banquet that night.

#### President M. B. Brainard Comments on Conditions

President M. B. Brainard of the Aetna Life, in speaking before the life agents convention at Colorado Springs, said there had been a comfortable increase in the surpluses of the Aetna Life companies up to date. A substantial portion, he said, comes from underwriting profits. He urged all to follow his request and keep neutral in the present war conflict. He felt that it was of the utmost importance that the United States not engage in the war. He did not agree with those who felt that it was inevitable that this country should be drawn into it.

He said that the Aetna Life has no foreign investments other than Canadian securities. He stated this is true with nearly all life companies. He gave great credit to the insurance departments that have urged this policy on the companies. Mr. Brainard said it is a particularly dangerous time to prophesy but he believed he could say with some assurance that the immediate future of life insurance in this country was more promising than it had been for some years.

## CASUALTY PERSONALS

A welded steel postcard birthday greeting, measuring 10x6½ inches and weighing 2½ pounds, with the inscription in raised welded letters, was received this week by Holger Jensen, manager engineering division Maryland Casualty. The novel card, believed to be the only one of its kind ever sent through the mails, was made by Basil Osmin, welding consultant of the engineering division and an expert welder.

Postal authorities were dubious about accepting the unusual mailing piece, but a check of the regulations failed to close any prohibition on such mail. The postage, including special delivery, amounted to \$1.09.

H. N. Douglass, resident manager of New Amsterdam Casualty in Chicago and president Illinois Insurance Federation, was host to the insurance advisory council, of which he is chairman, at a golf outing at Olympia Fields. A. S. Keys, Springfield, past president Illinois Association of Insurance Agents, won low gross prize; Allan I. Wolff of Chicago, past president National Association of Insurance Agents, won low net, and other prizes were won by T. J.

Meek, secretary insurance division Illinois chamber of commerce; W. H. Hansmann, vice-president Fidelity & Deposit; E. I. Fiery, Cook county manager Royal Indemnity and Eagle Indemnity; Lyle I. Beach, assistant general counsel Continental Casualty; W. O. Schilling, manager U. S. F. & G.; H. E. Reeves of Joyce & Co.; L. M. Drake, Sr., Critchell, Miller, Whitney and Barbour; W. H. Stewart, past president Illinois agents association, and W. E. White, casualty manager Travelers. There was a surprise tribute to Mr. Douglass in the form of a golf club that he admired in the pro shop which those attending bought and presented to him. The council has been in existence since 1933.

John J. Nangle, vice-president of the Utilities of St. Louis, who had been in the British Isles to take testimony in an estate case, returned from Europe on the Queen Mary and had some thrills as the big boat took a zig-zag course across the Atlantic to avoid German U-boats.

E. B. Brink, state agent Mutual Benefit Health & Accident and United Ben-

efit Life, Detroit, attended the national air races in Cleveland, to which H. K. Coffey, state agent in Portland, Ore., had flown in his new twin-motored Beachcraft plane.

John G. Yost, executive vice-president American Bonding, and Mrs. Yost spent a few days in New York last week following their return from a boat trip to New Orleans and back.

Dr. Roy W. Johnson, 57, surgical adviser for the Aetna Casualty & Surety in the Indianapolis district, died there. He had been a resident of Indianapolis 12 years. He served in the medical corps of the United States army during the world war.

D. G. Shea, special agent at Detroit for the Hartford Steam Boiler, has retired as lieutenant of the United States Navy reserve engineers after 22 years of service. He was given a banquet and watch by the enlisted men and fellow officers.

Arthur Fox, who is connected with National Surety at Omaha, is to be married Sept. 23 in New York to Mary O'Shea, daughter of Mr. and Mrs. James Francis O'Shea of that city. Mr. Fox is the son of Gordon Fox of Chicago, surety manager of Marsh & Lennan.

## AGNOSTIC

**AGNOSTIC.** Formed from the Greek *agnostos*, unknown, and defines one who disclaims any knowledge beyond that obtained by experience.

—“Origins and Meanings,” Hargrave.

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## Debate Whether to Appeal Va. Case

(CONTINUED FROM PAGE 21)

cerned should be remitted to the resident agent and the resident agent would be entitled to receive the usual and customary commission allowed on such contracts, remitting the licensed non-resident agent not in excess of 50 percent of the resident agent's commission and where the non-resident agent is not licensed in Virginia the full commission is to be retained by the resident agent."

## Claim Department and Its Functions Reviewed

(CONTINUED FROM PAGE 19)

need. Therefore, Mr. Babcock said, the adjuster should be a friend indeed.

An adjuster, he said, is dealing with human beings under very peculiar circumstances. His bureau, he said, does not want an unsettled claim if it can possibly be avoided.

The difference in insurance companies, he said, is largely a difference in service. No company has a monopoly on any special contract. Any policy can be duplicated. Most of the large companies belong to the bureau and must observe the rates. Therefore, there is nothing to be gained in patronizing a company

on this score. The main difference, he said, is the service in paying claims. Therefore, there is a competition in actual constructive claim service. In fact, he said, the test of a company is largely its claim service. Therefore, when an agent sells a policy he should be able to sell the highest kind of claim service. The policyholder should recognize that he gets the best service in case of a loss.

Mr. Babcock declared that there is a place in business for idealism. He said "that something" outside the policy wording is most important.

## Kubat Appointed Manager of Casualty Department

Robert Kubat has been appointed manager of the casualty department of Standard Accident in Chicago. He succeeds Edward Reed, who resigned to accept another position.

Mr. Kubat started with Standard Accident in Chicago in 1918 as office boy. A few years later he went to academy at Blackburn College, Carlinville, Ill., later attending Coe College at Cedar Rapids, Ia., from which he graduated in 1927. After teaching English for a year he entered the Standard Accident home office in Detroit and attended training school there.

Following completion of his training he was appointed special agent and has been attached to the Chicago office ever since. His specialty is compensation.

## COMPANIES

### Garrett President of Mid-America

KANSAS CITY—T. W. Garrett, Jr., head of the Garrett General Agency here, has succeeded H. L. Nehls as president of Mid-America Casualty of Cedar Rapids, Ia. Mr. Garrett with his associates several weeks ago bought controlling interest in Mid-America. He will continue also as chairman of the board.

Other executive changes include the advancement of H. R. Hazelwood from production manager of Mid-America to vice-president. G. W. Corey is the other vice-president. Before going with Mid-America, Mr. Hazelwood was for 20 years with the Northwestern National Fire and its casualty running mate.

C. W. Hepler, with the Garrett agency here for a number of years, has been elected secretary of Mid-America in charge of production.

D. E. Yankie, for several years in the auditing and accounting department of the Employers Reinsurance, and before that in the same capacity with Central Surety, has been elected treasurer of Mid-America.

H. J. Chadima, formerly secretary-treasurer, continues as a secretary.

### Another Texas Reciprocal Is Placed in Receivership

AUSTIN, TEX.—The Texas Underwriters, Houston reciprocal, is now in the hands of a receiver. William Knox has been named by the state board of insurance commissioner to liquidate the concern.

The Houston outfit is said to have been in financial trouble for some time. The state board has been investigating the situation for several weeks.

This is the first receivership under the recently enacted law which places the insurance department and its liquidator in charge of defunct insurance carriers. In the past receivers were named by the courts on suggestion of the attorney-general.

It was alleged in the attorney-general's petition that the company had admitted in writing that it is insolvent and has agreed to appointment of a receiver.

### Western Surety's New Statement

Western Surety of Sioux Falls, S. D., in its mid-year statement reports assets \$1,400,487, premium reserve \$235,416, loss reserve \$303,204, capital \$300,000 and net surplus \$488,384. Next year is the 40th anniversary of the founding of Western Surety and the management is intending to make much of the occasion.

### New Mutual in K. C.

KANSAS CITY—The Mutual Commerce Casualty is being organized here. It will write general casualty and surety lines. M. H. Silverford, attorney, is one of the incorporators.

The reports from the Georgia insurance department which were published in the Aug. 31 issue showed the Hardware Mutual Casualty having a surplus of \$2,064,371. The Dec. 31, 1938, figures were used by error and the surplus on June 30 was \$2,534,371.

### Texas P. L. and P. D. Rates Revised as of Oct. 1

AUSTIN, TEX.—Revisions of automobile bodily injury and property damage rates and rules in Texas effective Oct. 1 were announced by Casualty Commissioner Waters. Bodily injury rates on private passenger cars were reduced 14.8 percent in Houston, 11.1 percent in Dallas and Ft. Worth, 4.3 per-

## New Bond at Lower Rates for Housing Development Funds

NEW YORK—The Towner Rating Bureau has issued a new standard position form fidelity bond covering development funds of projects aided by the United States Housing Authority. Negotiations for this bond have been going on for some time. It covers the positions of check signer, countersigner and voucher certifier at an annual rate of \$1 per \$1,000 of aggregate coverage. It applies only to development funds, the old rate of \$2.50 and the prescribed name schedule bond drawn up in August, 1938, continuing to apply to other employees and other funds.

The rate is based upon local housing authorities bonding check signers and countersigners up to 10 percent of the total development funds under their control, with a minimum of \$50,000 and a maximum of \$500,000. There is no required amount for voucher certifiers, but U. S. Housing Authority has recommended coverage of from \$10,000 to \$50,000 on these positions, depending upon the size of the current development program.

### Substitutes Covered

The instruction letter of the Towner Rating Bureau and of Nathan Straus, U. S. housing administrator, states that voucher certifiers need not be specifically bonded if the occupant of this position also acts as check signer or countersigner. Only one person need be bonded for each position unless the regulations of the local housing authority permit two or more persons to sign checks simultaneously. Persons authorized to sign or countersign checks in the absence of the holders of these positions are automatically covered without additional premium.

The bond may be increased or decreased at any time, subject to the right of the U. S. Housing Authority to disapprove decreases.

In his letter to local housing authorities, Mr. Straus stated that negotiations are under way to secure a lower rate than the present \$2.50 on bonds covering funds derived from the operation of projects.

cent in medium size cities, and 5.9 percent in smaller cities and rural territory.

The "drive other cars" endorsement and small utility trailers will be included and covered without extra charge. These two items have cost \$2.75 extra per policy. Truck rates were increased overall less than 1 percent.

Safety programs in Dallas and Ft. Worth in recent months brought 25 percent reduction in truck bodily injury rates. Bad experience in Houston brought increase of nearly 10 percent. Amarillo, Galveston, Waco and other similar size cities drew 9.4 percent penalty. Smaller cities were unchanged. Rio Grande Valley and east Texas oil field areas, along with Houston, are "hot spots" for automobile liability insurance.

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## MILESTONES

THE FIRST MILESTONE—Net Premiums
January 1 to June 30, 1939.....\$1,936,999.35
January 1 to December 31, 1934....1,663,933.00
THE SECOND MILESTONE—Assets
June 30, 1939.....\$3,651,472.10
December 31, 1934.....1,741,629.35
THE THIRD MILESTONE—Policyholders' Surplus
June 30, 1939.....\$ 953,202.42
December 31, 1934.....718,612.24



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# POINTERS FOR LOCAL AGENTS

## Discovery, Position Forms Criticised in Bond Review

The different forms of fidelity bonds for commercial and industrial houses were reviewed by W. T. Ashby, Newark general agent, at the meeting of the New Jersey Association of Underwriters. Mr. Ashby recommended against the discovery bond for the majority of assured and favored name schedule bonds against position forms and the commercial blanket bond in comparison with the blanket position bond.

In general, Mr. Ashby said, there are three types of fidelity bonds. Those written on single employees or on the occupants of single positions are called individual bonds, those including in one bond six or more employees or positions, with an aggregate amount of at least \$30,000, are called schedule bonds and those covering all employees or all positions, except certain classes, under one bond are called blanket bonds. The usual type of fidelity bond covers losses sustained after the effective date of the bond and discovered during the term of the bond or within a specified time after its termination. Mr. Ashby called this the "loss sustained" bond. The newer discovery bond covers losses discovered during the term of the bond, regardless of when they may have been sustained. There is no liability on the part of the surety company for any loss discovered after termination of the bond, except that if the bond is canceled in the entirety by the company the assured has 60 days in which to discover losses sustained prior to cancellation.

### Criticises Discovery Bond

Mr. Ashby pointed out that an employer who has bonded his employees for some time under other bond forms would not be interested in a discovery bond, because defaults committed while the employees were first bonded would probably have been discovered during the term of the first bond or during the period of grace allowed him after termination of the bond. If he replaced his first bond with another "loss sustained" bond in another company, the new company would attach a superseded suretyship rider, assuming liability for losses under the old bond after expiration of the grace period. An employer starting out in business would not be interested in a discovery bond because he would not have any undiscovered losses prior to the date of the bond. A person who has been in business for some time without bonding his employees and who fears he may have an unprotected loss would be interested in the discovery bond, but Mr. Ashby said it would not be sound company underwriting and not honest agency representation to sell it to him. It would not be necessary to sell him a discovery bond in order to write his business, because, if the employer is afraid he has had a loss, he will also be afraid he may suffer another one.

Comparing bonds covering named employees and those covering occupants of positions, Mr. Ashby in general recommended the former. The name bond gives the company an opportunity to make an investigation of the employee, which is to the advantage of both the assured and the employer and in many businesses the rate is considerably less. The position form enables the employer to avoid the minimum premium for employees, but this is of little benefit except in a business where there is a large turn-

over of bonded employees and this benefit is probably more than offset by the loss to the employer of the investigation. The position bond saves the employer the work of obtaining applications and reporting changes. However, under some conditions a position bond may not afford as good protection as a name bond. If an incumbent of a position is bonded for \$5,000 and causes a loss of that amount and the loss is not discovered until he is removed from the position by resignation, discharge, death, promotion, etc., and his successor has caused another \$5,000 loss, there would be losses of \$10,000 in a position bonded for \$5,000 and the employer would recover only \$5,000. If the named employees had been bonded, both losses would have been collected.

### Variations in Forms

Mr. Ashby pointed out that blanket fidelity forms and the discovery bond are standardized by the Surety Association of America, but individual and schedule bonds are not standardized. He told his audience to watch for variations in the insuring clause, since some bonds cover only larceny and embezzlement while others give coverage such as "larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wilful misapplication or other fraudulent or dishonest acts." Some more restricted bonds cover only loss caused by the employee while he is in a stated position at a stated location, whereas other bonds cover the employee in any position at any location within certain geographical limits. The time after termination of the bond during which losses sustained while the bond was in force must be discovered and reported varies in the different forms from one month to three years. Some bonds provide automatic coverage for a limited time on new employees and on newly created positions, while others do not. Some bonds impose various obligations on the employer before a loss can be collected. For example, some require the employer to obtain a warrant for the arrest of the accused employee and prosecute him, which may leave the employer open to a suit for false arrest.

There are also many variations in the clause concerning the disposition of salvage which may be recovered after a loss. This is important, because losses often exceed the amount of the bond. Some bonds provide that the bonding company shall have all the salvage until it is reimbursed for the amount it has paid, others provide for equal division between the surety and the employer and others give the employer all salvage until he is completely reimbursed for as much of his loss as is not paid by the bond.

### Advantage of Blanket Forms

If an employer decides to buy fidelity bonds, there arise, Mr. Ashby said, two questions; which employees should be bonded and the amounts for which they should be covered. It is impossible to foretell whether a particular employee under pressure of necessity will commit a defalcation and it is equally impossible to foretell the amount of loss. In one case a bookkeeper who never handled cash except as a messenger caused a loss of \$33,000, although the employee never had more than \$7,000 at any one time. This was done by forging and discounting notes of the employer, paying inter-

### Agent Tells Experience With Premium Financing

An illuminating discussion of his own experience with premium financing was given by J. P. McGee, St. Paul, at the convention of the Minnesota Association of Insurance Agents. Mr. McGee is a former president of the Minnesota association and also of the St. Paul Insurance Exchange.

Pointing out that every one in the insurance business had or should have

est with forged checks and paying off the notes with forged checks whenever the employer had a little surplus cash. Any employer with five or more employees should consider a blanket bond, which eliminates all guess work as to which employees will default and in what amounts.

Although the blanket position bond is popular among some agents, Mr. Ashby said that he has never felt that its unusual provisions are of any practical value and that the premium in most cases is greater than that for an equal or greater amount of protection under the commercial blanket bond. He recommended the latter as the best protection available to most employers. The entire amount of the bond applies to any loss caused by any employee who is not excluded from coverage. In the event a loss is paid, the bond is automatically restored to its original amount as regards losses sustained thereafter. This prospective restoration provision, for an additional premium, may be replaced by a provision for retroactive restoration, which covers all other losses, whether sustained before or after the one reported.

If an employer selects part of his employees to be bonded under a schedule form, he can be sold an excess commercial blanket form, giving him blanket coverage on all his employees, with additional amounts under the schedule forms available on the employees who he feels are most likely to steal.

In closing, Mr. Ashby pointed out that fidelity bonds serve two useful purposes, paying losses and preventing losses by keeping honest employees honest. The average employer believes his employees are honest and will remain so, otherwise he would not keep them on the payroll. He also believes that he has a perfect accounting system, or he would promptly change it. Fidelity bond losses, Mr. Ashby said, are usually caused by employees of known honesty who have beaten a perfect system. They are usually caused by a dishonest person securing employment for the purpose of stealing or by an employee with a good record and sufficiently long tenure of service to be given much leeway who "borrows" from his employer under pressure of real or imaginary needs. If this employee remembers that he has signed a bond application and that he will be faced with an impersonal bonding company rather than a sympathetic employer, he probably will not take a chance. If he does, the company will pay the loss.

Mr. Ashby told of a former bank clerk who was released from Sing Sing prison on a Saturday. He went to New York and inserted in the Sunday papers an advertisement for bank clerks, replies to be sent to a box, and references to be included. He selected the best set of references, assumed the name of the applicant and on Monday morning was employed by a downtown bank. Three days later, he absconded with \$114,000 in Liberty bonds.

heard of the mechanics of premium financing and the usual generalities which are constantly repeated in talks, bulletins and newspaper articles when a new phase of the business arises, Mr. McGee confined his remarks to the experience of his agency, in the hope that this might be more interesting and useful than a "rehash" of threadbare material. The three advantages claimed for premium financing are assistance in collections, release of working capital of the assured and conversion of annual policies to a term basis. Mr. McGee personally has found premium financing useful only in straightening out good but slow accounts.

### Experience of Agency

Mr. McGee said that during the past two years his agency had used premium financing on an increasingly larger scale. Leaving out small items, he reported that, on accounts ranging from \$400 to \$3,000, his office had financed about \$1,500. He stated that he had been surprised at the use his office had made of the plan, without any conscious effort. As far as term premiums were concerned, Mr. McGee had managed, in one way or another, to convert most risks to a term basis whenever they became eligible and had waited for the advent of premium financing in comparatively few cases. Release of working capital had meant little to his clients, because in only a few cases was the insurance account large enough to appeal to the assured on this basis. Mr. McGee's experience was that his large accounts were the best payers. He said he had heard that in some eastern spots assured had found the plan attractive because of the release of capital and possibly some agents present might find it so, but his experience had been otherwise.

Mr. McGee adopted the system of seeing well in advance assured who had been slow in paying and suggesting that at renewal date they adopt the budget plan of paying premiums. He has found very little resistance to a frank discussion of this type. Business men generally have been educated to the use of partial payments. They do it with their own automobiles, with automobiles used in business and to a great extent with domestic equipment. This means very little resentment.

A great advantage of the plan, in Mr. McGee's experience, is that it gives the agent an opportunity to call on the assured some time in advance of his expiration and thus to find out whether there is any competition in the offing. It is difficult to go to the assured and try for a direct renewal order and a discussion of possible financing furnishes an excellent excuse for talking over the renewal without directly asking for the order.

The growth of premium financing was indicated by figures furnished Mr. McGee by one large premium finance organization. It financed \$13,500,000 in 1937 and \$14,500,000 in 1938. During the first seven months of 1939, about \$9,000,000 was financed, which would make the estimated volume for this year about \$16,000,000. In the territory of the St. Paul branch, which includes Minnesota, North Dakota, South Dakota and parts of Iowa and Wisconsin, the volume was \$600,000 in 1937 and \$620,000 in 1938. The first seven months of 1939 brought \$400,000, which indicates about \$700,000 for this year. This organization has financed premiums for 21,000 agents throughout the United States. Of these, 476 agents were in Minnesota, divided about evenly between those in Minneapolis, St. Paul and Duluth and those outside the three larger cities.

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for field men to answer. Unfamiliar lines should be studied. A course in public speaking should be taken. The fundamentals of salesmanship should be learned.

The progressive agent, Mr. Duffus said, seeks new ways to service old and new clients. Many unusual services can be discovered if they are looked for. There are many organizations, he said, that will be glad to have an in-

surance speaker and local agents should be prepared to give an elemental, intelligent, convincing talk. Highway safety campaigns rank high among projects aimed to better community life, he added. He said, "Let us not advertise the other fellow by knocking him. We are wise if we boost our own products instead. There is good business ahead for the agent who knows his business. We have tools in insurance. They

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## Pennsylvania Men in Annual Meeting

(CONTINUED FROM PAGE 3)

member of the agency and they should discuss important points at office meetings. He advised agents to make notes

must be used intelligently." The address scheduled to be given at the Pennsylvania meeting on the agreement that the companies and agents of Pittsburgh are negotiating in order to stabilize conditions there, will not be given. A. W. Pardew, president of the W. W. Flanegin & Co. agency of Pittsburgh, was to have given that address, but at his suggestion the talk will not be given.

# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Late Fred L. Gray To Be Memorialized

The late Fred L. Gray, founder of the Fred L. Gray Company of Minneapolis and a moving spirit in establishing the Insurance Federation of Minnesota, will be memorialized at the insurance day program to be sponsored by the federation in St. Paul, Sept. 19. Reminiscences of the part Mr. Gray played in getting the organization under way will be given by W. A. Williams, vice-president Fred L. Gray Company and son of the late Theodore Williams, Mankato, who was the federation's first president. Mr. Williams as a youth of 21 attended the organization meeting with his father.

Several others who helped to organize the Insurance Federation of Minnesota will take part in the meeting. Among them are Alexander Campbell, resident vice-president of Marsh & McLennan; Wirt Wilson, president of Wirt Wilson & Co.; Byron H. Timberlake, Prudential, Minneapolis; C. E. Learned, Jr., Penn Mutual Life, St. Paul; W. T. Lemon, local agent, St. Paul, and Lane MacGregor of MacGregor, Bradley & Huhnke, Duluth.

The silver jubilee meeting coincides with the 10th anniversary of Clyde B. Helm as secretary-treasurer of the federation.

Garfield W. Brown, former Minnesota commissioner, now with the American Mutual Alliance in Chicago, will represent that organization.

O. J. Arnold, president Northwestern National Life, will be toastmaster at the banquet, at which W. J. Cameron of the Ford Motor Company and Governor Stassen will be featured speakers.

Insurance men representing all lines and branches of insurance—fire, life and casualty, and stock, mutual and reciprocal—will gather from throughout the state for the all-day meeting at the St. Paul Athletic Club which commemorates the 25th anniversary.

### Breakfast Rallies of Illinois Agents

Two breakfast conferences are planned to be held at the annual meeting of the Illinois Association of Insurance Agents, to be held in the Abraham Lincoln hotel, Springfield Ill., Nov. 8-9. The conferences, of the regional vice-presidents and rural agents, will follow a joint breakfast at 8:30 a. m., Nov. 8. H. H. Monier, Champaign, executive vice-president and chairman local boards and membership committee, will be chairman over the regional vice-presidents, and Roy A. Bastian, Hinckley, chairman at the rural agents meeting.

#### Monier Begs to Be Excused

A problem is created for the Illinois Association of Insurance Agents by reason of the fact that Harry H. Monier of Champaign has informed the leaders that he desires not to be elected president at the forthcoming annual meeting. Mr. Monier is the first vice-president and is in line by ability and by rank, for advancement. Efforts are being continued to induce Mr. Monier to accept the office, but, on the possibility that his decision is final, the availability and eligibility of others are being considered for the office. No agreement has been reached among the leaders as to the choice. W. H. Jennings, Jr., of Rock-

ford is completing his second year as president.

The vice-presidents conference formerly was known as that of local boards. The change in designation was made because of splitting Illinois in six regions, each in charge of a vice-president, with an advisory committee of three. The regional vice-presidents now constitute Mr. Monier's committee.

#### Session to Be Open

In addition, the regional advisory committees, local board officials and others active in the boards, field and company men will attend, as the meeting will be open. There will be no speaking program, but many subjects are up for discussion. It is anticipated the 18 local boards in Illinois will take part in this session.

The rural agents session is expected to hear about and discuss the recent victory of insurance men in defeating the proposal in the Commodity Credit Corporation to set up a self insurance plan for corn.

W. H. Jennings Jr., of Rockford, state president, will preside in the general sessions, and is expected to report on matters taken up at the Boston convention of the National Association of Insurance Agents. W. Herbert Stewart, Chicago, as chairman will preside at sessions of the board.

Ross L. Weller of Springfield is chairman of local arrangements. Many plans are being made for reception and entertainment of the visitors. Mr. Weller is vice-president in charge of Region 5. An interesting program for visiting ladies is promised, including luncheons, tours, bridge and so forth.

#### Past Presidents as Hosts

Two past presidents of the Illinois association reside in Springfield, A. S. Keys and R. W. Troxell. The advisory committee of Region 5, in which Springfield is located, consists of L. E. Head, chairman; C. H. Brown and Mr. Keys. These will assist in local plans.

The Illinois advisory committee, it is anticipated, will hold a meeting. The presiding officer is the executive vice-president. This committee is made up of nine past presidents: C. S. Pellett and J. M. Newburger of Chicago; S. D. Sexton, East St. Louis; S. E. Moisant, Kankakee; G. N. Taylor, Streator; A. J. Anderson, Kewanee; R. W. Troxell and A. S. Keys, Springfield, and F. J. Budde, Rock Island, and two National councilors, A. I. Wolff and L. M. Drake of Chicago.

### May Increase U.&O. Payroll Cover to Avoid Tax Boost

COLUMBUS—The Ohio Inspection Bureau has ruled that the 90 day limit on ordinary payroll coverage under item 2 of the 100 percent and 80 percent contribution use and occupancy forms may be increased, but may not be reduced. The rate is prescribed as the usual item 2 rate, unless ordinary payroll is covered for more than 180 consecutive days, in which case the lower rate applicable to item 1 is to be charged.

There have been some inquiries about increasing the time of ordinary payroll coverage from business firms interested in protecting themselves against possible increases in unemployment compensation rates. The majority of these state plans provide for a merit rate if the employer's labor turnover is less than normal and for penalties if it is greater than normal. A number of agents and brokers have pointed out that a firm may insure its ordinary payroll

in many cases at a lower cost than its possible unemployment tax penalty and thus be protected against an increase should the firm be compelled to suspend business because of a fire or windstorm and have to lay off employees.

### Insurable Values Small in New Illinois Oil Fields

The new Illinois oil fields that have attracted so much attention in the industry are producing very little in the way of insurable value. The oil insurance organizations have profited very little from the development. Two factors are responsible for this situation. For one thing, the pipe lines were already in existence to this field and the oil is being taken away just about as fast as it is produced, thus eliminating the necessity of storage. It is the storage of oil at the field that produces a large part of the values elsewhere. Then, because of the fact that the wells are shallow, the necessary equipment is greatly reduced. For instance, instead of the expensive derricks that are found in other oil fields, in Illinois portable derricks are employed. The insurable values in the Illinois field are only a fraction of those in other fields.

### Expect Michigan Convention to Break Attendance Mark

LANSING, MICH.—All attendance records for conventions of the Michigan Association of Insurance Agents are virtually certain to be broken at the Saginaw meeting Sept. 18-20, inclusive, according to preliminary reservations.

Waldo O. Hildebrand, secretary-manager, said hotel facilities at Saginaw already have been exceeded and some reservations have been made at a Bay City hotel 20 miles away. The attendance should far exceed 300, Mr. Hildebrand said, and might approach the 500 mark.

#### Rural Fire Patrols Increase

ST. PAUL—Rural fire patrols continue to increase in number in Minnesota. The latest one has just been established at Waseca for the benefit of farmers in the Woodville district. They helped finance the cost of a \$2,500 fire truck. It will be quartered at the Waseca fire department, which will furnish a skeleton crew of firemen to man it in case of a Woodville fire.

At the recent Minnesota agents' meeting R. W. Forshay, member of the national executive committee, complimented Minnesota on the large number of rural fire patrols in this state.

#### Bennett & Shade Now Partnership

The Bennett & Shade Co., Decatur, Ill., is dissolving its corporation and continuing as a partnership, composed of L. W. Shade and W. B. Hostetler. The agency was started in 1906 by J. L. Bennett. Mr. Shade became affiliated with the agency 30 years ago and became a partner in 1913. In 1928 Mr. Hostetler, who had been with the agency for nine years, came into the firm. Mr. Bennett subsequently disposed of his interest but the firm name has not been changed.

#### Mosher New Lansing President

LANSING, MICH.—R. A. Mosher, secretary-treasurer for several terms of the Lansing Association of Insurance Agents, was elected president at the annual meeting. He succeeds Ray Throop, president for three years, who was given an indirect lighting office lamp and an "all-expense" trip to the state association convention in Saginaw next week. Clyde B. Smith, former president National Association of Insur-

### Heads Dayton Committee for Big Ohio Rally

Cyrus H. Watson of Dayton is general chairman of the committee in charge of local arrangements for the annual meeting of the Ohio Association of Insurance Agents in Dayton, Oct. 16-18. Mr. Watson states that advance registrations indicate that this will be the largest convention ever held by the Ohio association.



CYRUS H. WATSON

At the luncheon meeting of the Dayton association, Monday of this week, L. Calvin Jones of Youngstown, president of the Ohio Agents Association, was present and spoke. There was a large turnout at the luncheon, as every member was requested to bring at least one guest who is not a member of the association.

ance Agents and also a multi-term president of the local board in its earlier days, made the presentation address.

Other new officers are: Vice-president, J. P. Kittle; secretary-treasurer, R. I. Waller.

Mr. Smith, who recently observed his 20th anniversary in the local agency business here, was presented a congratulatory letter signed by the entire board membership.

#### Electrical Inspection Act Void

LANSING, MICH.—The Michigan supreme court holds the state electrical administrative board has no constitutional right to license electricians under an act found faulty in various respects. There were three opinions on different features of the law. One, signed by four justices, decided that the law's vagueness and its delegation of powers to a "foreign body," the National Board, rendered it unconstitutional. The statute provided that the minimum standards of safety for electrical installations, as set up by the National Board, be the legal standards for installations in this state.

The electrical administrative board, fostered originally by the Michigan Association of Mutual Insurance Companies, has been under fire for several months.

#### Henry Is Wichita President

WICHITA, KAN.—Victor G. Henry of the Kessler-Henry Agency has been elected president of the Wichita Insurers. E. C. Beezley of Beezley, Webb & Outland was elected vice-president succeeding Mr. Henry and automatically becomes chairman of the executive committee. H. V. Schott of Smith, Stone & Snyder was reelected secretary-treasurer for his tenth term. Guest speaker was Leo R. Porter, Wichita general agent Lincoln National Life and president Kansas Life Underwriters Association, on "The Human Side of Life Insurance."

#### Thompson Cincinnati Lecturer

CINCINNATI—The first lecture of the University of Cincinnati's new course in marine insurance will be given Sept. 26 by B. A. Thompson of Neare, Gibbs & Co., who will be in charge of the entire series weekly thereafter Tuesdays from 6:40 to 8:20 p. m. Mr. Thompson is well qualified for the work, devoting much of his time to marine. The Neare, Gibbs agency is one of the leading marine agencies in the country. Mr. Thompson received his early train-

ing with Higgins & Co., Lloyds brokers, London, and Chubb & Son, New York City.

Tuition for the year is \$21.25 for Cincinnati residents and \$24.25 for non-residents. The course is given under the auspices of the Cincinnati Fire Underwriters Association.

#### Matteson Co. Reorganized

ST. PAUL — A new company, the Matteson Ins. Agency, Inc., has been incorporated to take over the Matteson Co., one of the oldest St. Paul local agencies. George Radcliffe, until recently with Cathcart & Maxfield, has purchased an interest in the new company, and will manage the agency. It is understood that J. Quincy Haas, dean of Minnesota agents and associated with the Matteson Co. since its formation more than 50 years ago, plans to retire.

#### Klein Still Heads Division

The Lawton-Byrne-Bruner agency of St. Louis states that Walter Klein is still in charge of the fire insurance department of the agency and will be for an indefinite period. Robert Murdock, who has been connected with the Missouri Inspection Bureau, has joined the agency and is connected with the fire department. The statement that Mr. Murdock has replaced Mr. Klein as head of that department is not correct, according to the agency.

#### K. C. Public Speaking Class

KANSAS CITY—H. K. Rogers, Western Actuarial Bureau, Chicago, will conduct a public speaking class here Sept. 18-19, sponsored by the Kansas City Insurance Forum, formed here last winter, composed of about 40 fire and casualty field men and employees of rating and audit bureaus in Kansas City and western Missouri.

#### Battle Creek Agents Elect

BATTLE CREEK, MICH.—Claude Heidrick of the Percy Worgess agency has been elected president of the Battle Creek Association of Insurance Agents. Other officers are: Vice-president, David Rathbun; treasurer, Frank Condon, retiring president; secretary, Ida M. Leach.

#### Deny Lapeer Mutual Transfer

LANSING, MICH.—Judge Carr of Ingham county circuit court has denied a petition of three members of the defunct Lapeer Farmers Mutual Fire of Lapeer, Mich., to transfer receivership proceedings to the Lapeer circuit court.

Many members are still vigorously contesting an assessment of some \$150,000 although some 200 judgments have been taken and a number collected.

#### Potts Succeeds Elmer Davis

C. H. Potts of Joliet, Ill., has been appointed resident adjuster at Fort Dodge, Ia., for the Underwriters Adjusting, succeeding the late Elmer Davis, who was killed in an automobile accident in July. Mr. Potts has been with the Joliet office several years.

#### Wants Stock Agents in Ohio Unit

TOLEDO—The Toledo Association of Insurance agents held its first meeting after the summer vacation at a luncheon. C. B. Plummer, field representative of the Ohio Association of Insurance Agents, and Mr. Paul W. Tribble, trustee for the 6th district, were the guest speakers. Mr. Plummer extended an invitation to attend the annual meeting of the state association in Dayton. Mr. Tribble expressed the hope that the question of association membership be determined at an early date with emphasis that membership to the state association should be composed of representatives of stock insurance companies.

#### St. Paul Exchange Balance \$6,900

ST. PAUL—The annual financial statement of the Insurance Exchange of

St. Paul, issued this week by Secretary-Treasurer H. S. Matteson, was something for other local boards to shoot at. Total receipts fell just short of \$13,000 and after all bills were paid there was \$6,900 left to start the new fiscal year. The large money turnover was accounted for by the National association meeting in St. Paul last fall.

#### Bielaski on Ohio Program

A. Bruce Bielaski, head of the arson department of the National Board, is to be one of the speakers at the annual meeting of the Ohio Association of Insurance Agents in Dayton next month. He will speak at the Oct. 18 session.

Curtes F. Eagle of the American of Newark will speak for the Ohio field men.

#### NEWS BRIEFS

A Business Development meeting will be held Sept. 28 at Marshalltown, Ia., with A. A. Ingram, C. W. Borrett, Robert Nelson and D. L. Fischer as speakers.

A. M. Treat, who has been in the insurance business at Marshalltown, Ia., more than 32 years, has sold his interest in the Treat & White agency to his partner, G. R. White.

Oscar Hall, for the past two years rate supervisor of the Minnesota department, has resigned effective Oct. 1. Before joining the department Mr. Hall was a local agent in Minneapolis.

About 75 members of the local board of Kansas City, Kan., and their employees attended the annual golf, dinner and card party at the Milburn Country Club. The affair was in honor of retiring and new officers of the association, and was handled by Harding Wintgett and Cheney Prouty.

The M. J. Hanly Co. agency at Columbus, O., has been merged with J. W. Northrup Co. M. J. Hanly was president and manager and Ada C. Evans, secretary-treasurer. The agency was organized in 1892.

The Mutual Insurance Club of Columbus held its first fall meeting Monday. C. C. Shively, president State Industrial Bank, spoke on "Probable Trend of Business."

The Insurance Women of Wichita opened their year with a luncheon meeting Sept. 5. Miss Berneeda Faulk of Dulanev, Johnston & Priest is president and Miss Emily Casford of Wheeler, Kelly, Hagny, secretary.

C. C. Crow, Wichita, Kan., manager of the Underwriters Adjusting, has returned to his office after being confined to his home for two weeks with the mumps. However, with a telephone at his bedside, Mr. Crow carried on supervision of the office during his absence.

Don K. Zimmerman of the Griffith & Baughman agency, Liberal, president of the Kansas Junior Chamber of Commerce held a meeting of his executive board in Wichita at which the fire prevention program of the National Junior Chamber in cooperation with the National Board was presented.

The Jefferson County Association of Insurance Underwriters held a dinner meeting at Fort Atkinson, Wis., attended by local agents from Watertown, Waterloo, Lake Mills, Jefferson and Fort Atkinson. A motion picture of the New England tornado last year was shown.

The Hutchinson (Kan.) Insurance Board held its first fall meeting in September with President N. N. Kline of the Will S. Thompson agency presiding. The meeting was largely devoted to plans for Fire Prevention Week and for a fire prevention exhibit at the Kansas State Fair in Hutchinson Sept. 17-23.

The golf outing and dinner sponsored by the Hammond, Ind., Insurance Agents Association at Woodman County Club was attended by about 200 agents and company representatives. Allan O'Rourke was chairman.

## IN THE SOUTHERN STATES

### Oklahoma Mid-Year Meeting Nov. 3-4

OKLAHOMA CITY—At the first meeting of the season the executive committee of the Oklahoma Association of Insurers decided to extend the mid-year meeting to two days as formerly and to inject a social element into the program. For the last few years the association meetings had been confined to one day and were exclusively reserved for business.

**M. L. Sumner**

The fall meeting was set for Nov. 3-4 in Oklahoma City. The Oklahoma City Exchange will be asked to arrange a social event for the first night.

The second day's business session will adjourn early to give members time to attend the homecoming football game at Oklahoma University at Norman. Invitations are to be sent to all full-time agents in the state, regardless of association membership.

Although the roster is not at its peak, records reveal that more members have met their association obligations than is usual at this time of the year and that a number of applications for membership have been received in the past few weeks, according to M. L. Sumner, recently named secretary. Mr. Sumner came to Oklahoma City in 1931 and established his own agency. He was formerly a member of Sumner & Sessions in Okmulgee. President H. P. Frantz of Enid was named delegate to represent the association at the national convention in Boston.

Chairmen of standing committees were announced as follows: H. T. Moran, membership; E. R. Ledbetter, casualty conference; Buford Breeding, fire conference, all of Oklahoma City; J. C. Kennedy, Lawton, public relations; Kenneth Mainard, Wewoka, conservation; F. W. Ball, Oklahoma City, legislative; Clarence Haskett, Oklahoma City, Business Development; Miss Allen Ellis, Antlers, rural agents. Ancel Earl of Oklahoma City was named national councillor.

### General May Pay Dividends in Va.

RICHMOND — The Virginia corporation commission has authorized the General of Seattle to issue participating policies. This is the first time the commission has authorized a stock fire company to divide earnings with its policyholders. The case had been before the commission since Nov. 10, 1938. No precedent was set by the ruling, the commission explained. Any other such applications would be considered individually and decided on their merits.

The commission directed that in Virginia, General of Seattle must add a specified clause to its policies.

### Compensation Rate Cuts Are Made in Texas

AUSTIN, TEX.—Reductions in workmen's compensation rates in Texas averaging 12.6 percent overall, effective Oct. 1 and estimated to reduce annual premium costs more than \$2,250,000, were announced by Casualty Commissioner Waters.

Of 170 classifications representing 96 percent of the compensation premium volume, 93 were lowered, 23 raised, 54 retained at the same level.

Rates were reduced 19.7 percent on

excavation, 8.8 percent on street and road building, 16.6 percent on residence construction, 21.4 percent on roofing, and 9.2 percent on heavy concrete work. For the first time in many years truckmen received compensation reductions: oil field truckmen, 2.2 percent; common carrier, 3.9 percent, and all other truckmen, 6 percent. The chauffeur classification, including a large number of automobile and truck drivers for private companies, was lowered 17.7 percent.

Oil refining and pipeline construction received 25 percent cut, oil drilling and producing each 14 percent reduction. Other cuts were: cotton compressing and warehousing reduced 11.2 percent, creameries 5 percent, sheet metal shops 22.5 percent, iron works shops 10.3 percent, waterworks 5.6 percent, laundry delivery 9 percent, stevedoring 5.9 percent, and combined meat and grocery stores 4.2 percent.

### Ga. Steering Group Takes Action

ATLANTA—The executive committee of the Georgia Association of Insurance agents has named as its representatives to the convention of the National association President John D. Carswell, National Councillor Herman Haas and First Vice-President P. M. Lancaster. The delegation will go uninstructed as to the proposed constitutional amendments, opposition having been recorded to the plan of Thomas F. Southgate of North Carolina.

The committee selected Tybee Island, near Savannah, for the 1940 convention with May 23-24 as tentative dates. Forty new members were reported since the annual convention in Augusta last June.

Proposals were made for a joint committee from the Georgia association and the Georgia Fieldmen's Conference for consideration of grievances.

Rulings were requested from the Georgia department with regard to retrospective ratings of compensation and favoring the personal property floater. President Carswell was named permanent dean of the insurance school of the Georgia association.

### Birmingham Agents Name A. A. Adams, Jr., as President

BIRMINGHAM, ALA.—Arthur A. Adams, Jr., was elected president of the Birmingham Association of Insurance Agents to succeed W. R. Mizelle at the annual meeting. Mr. Adams served as president about eight years ago. Joe Ford of Ford, Myatt & Ebaugh was elected vice-president and Ed H. Moore was reelected secretary.

Retiring President Mizelle in a report on legislation said agents had been able to defeat all inimical bills offered before the legislature to date. One bill which has passed the house and is now on the senate calendar would permit city and county school boards to insure their properties in the state fund. However, with the session nearing an end, it is considered doubtful that this bill will get through.

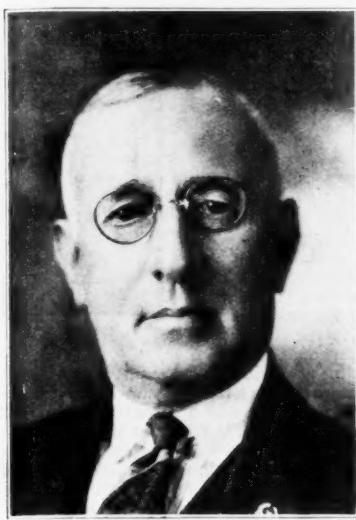
#### Lost Qualification Law Fight

The association worked in behalf of a strengthened agency qualification law for the state but it got lost in the legislative jam. The agents helped defeat a bill establishing a state fund to write surety bonds on state and county officials.

Protest was registered by the association against a letter sent out on state department of agriculture stationery to warehouse operators advising them that St. Paul-Mercury Indemnity was offering warehouse coverage at less than manual rates. This was held to be fa-

September 14, 1939

## McAlester Agency Has Thirty-fifth Anniversary



M. E. WILLIAMS

The M. E. Williams agency of McAlester, Okla., is completing 35 years of existence this week. The agency's first company, Security of New Haven, is still represented. Rochester American has been in the office 32 years. Camden 27, State of Penn., 26, Boston 22, U. S. Fire 22, Fidelity & Deposit 27, Ohio Casualty 10 and New Amsterdam eight. Mr. Williams' nephew, Sid M. Goldman, has been with the agency 19 years and Miss Zoe McCoy, office clerk, 14 years. Mr. Williams is a past president of the Oklahoma Association of Insurors.

voritism on the part of a state department.

### Discuss Service Offices

SAN ANTONIO, TEX.—The San Antonio Insurance Exchange held a friendly discussion of whether members should be permitted to write compensation in participating stock companies. The matter was referred to the committee on constitution and by-laws. The service-production office also was discussed. The secretary and president called attention of members to the dangers of permitting themselves to become mere solicitors or brokers through the writing of their policies by the service office and the greater evil of service-production office.

### Cut Melon at West Palm Beach

WEST PALM BEACH, FLA.—President O. M. Stallings and Secretary A. C. Eisler of the Florida Insurance Agents Association helped to put on the party installing O. A. Gane, new president of the Insurance Board of the Palm Beaches. Retiring President C. R. Dorsey reviewed the work of the year. Mr. Stallings complimented the board on good service. Mr. Dorsey made good on a promise to cut a melon—a big Georgia product that delighted everybody, because from it he drew out checks representing dividends accruing from commissions obtained on public property business written by the board.

### Nashville Constitution Committee

NASHVILLE, TENN.—Following an unsuccessful effort to adopt a constitution containing the "in or out" rule for the Nashville Insurance Exchange, President A. G. Bennett has appointed a committee to prepare a constitution: D. E. Clark, chairman; H. H. Corson, C. M. Hunt and Mark Bradford. President Bennett is an advisory member with authority to decide in case of a tie vote.

Mr. Hunt has proposed substitution for the "in or out" rule of a provision

calling for reduction of plants allowed by the exchange from three to two, not affecting present setups, and limiting subsidiary companies.

### Florida Exceeds Quota

TAMPA, FLA.—Asked by the National Association of Insurance Agents to secure 18 new members by the end of August, the Florida Association made it 25. Secretary A. C. Eisler says about 20 will go to the Boston convention next month from Florida, headed by O. M. Stallings, president, and himself.

### Opening New Lexington Office

The Underwriters Adjusting is opening an office in the First National Bank building, Lexington, Ky., to service eastern Kentucky. John D. Williams, with the Underwriters Adjusting since 1929, will be resident adjuster at Lexington. The office will be under the supervision of the Louisville branch. Mr. Williams was formerly an independent adjuster and has had wide experience.

### McNeese with Andover Group

John D. McNeese has joined Merrimack Mutual and Cambridge Mutual of Andover, Mass., as special agent to establish an agency plant in Tennessee, Alabama and Mississippi, which states these companies are now entering. Mr. McNeese has been for the past five years director of sales for the Mill Mutuals southeastern department with headquarters in Nashville. Temporarily he will maintain headquarters for the Andover companies at Nashville.

### Food Dealers Hear Carter

B. P. Carter, manager of the Virginia-Carolina department of a group of fire companies, addressed the Virginia Independent Food Dealers Association in convention in Richmond on consumer cooperatives. His talk was in line with other talks on the subject which he had previously made before the Virginia Association of Retail Clothiers & Furnishers at Old Point Comfort and before the Retail Merchants Association of Virginia. He was honored by this organization by being named a member of a special committee on consumer cooperatives and chairman of a subcommittee on publicity.

### Mississippi Department Report

JACKSON, MISS.—A saving of \$488,169 was effected by the 6 percent reduction in fire rates in Mississippi the past year, Commissioner Williams states in his annual report.

In the last five years fire companies operating in the state have received \$23,027,761 in premiums, and paid out losses of \$9,262,680.

Mr. Williams said that the insurance commission would pay into the state treasury \$320,414 from taxes, fees, and licenses this year. Premium taxes alone will amount to \$318,288, the largest amount ever paid in.

### NEWS BRIEFS

L. J. McCoy, former manager of the Oklahoma Association of Insurors, has taken over the local agency of Hermine Bucker at Ponca City.

Clifford Wetzel has purchased the local agency of Marianne Looney of Ponca City. Mr. Wetzel is vice-president of the Oklahoma Association of Insurors.

Among the Georgians who will attend the annual convention of the National Association of Insurance Agents in Boston will be: President J. W. Carswell, Savannah; H. C. Arnall, Newnan; Irwin Wootton, Jonesboro; A. A. Cooper, Rome; S. O. Smith, Gainesville, and Scott Nixon, Augusta.

The New Hampshire Insurance Women's League will resume its fall meetings in Peterboro, N. H., Sept. 18, with Mrs. Helen Keenan of Peterboro in charge.

## COAST

### Denver Association Gets Big State Risk

DENVER—With receipt of an order to write \$740,000 fire insurance on the new state capitol building annex, the Denver Association of Insurance Agents became the first insurance organization in the city's history authorized to supply state government policies as an institution.

The business is divided among 51 agents, 50 of them receiving \$14,500 each and the other receiving \$15,000. Of the \$740,000 involved, \$640,000 is on the building, \$100,000 on contents.

Success of the Denver association in getting this business is the climax of a campaign in which the group has urged a wider distribution of state business among a greater number of agents, seeking to have the political aspects of insurance placing eliminated. Placement of this large lump of state business in this way also represented a victory for stock companies, as mutual competition had offered heavy inducements.

The business was sold on the basis of service and fairness to this representative group. Following negotiations with the state executive council President Harold Wilber, Secretary Harold Shuteran and the public building committee submitted a proposal for five years coverage instead of three, the former

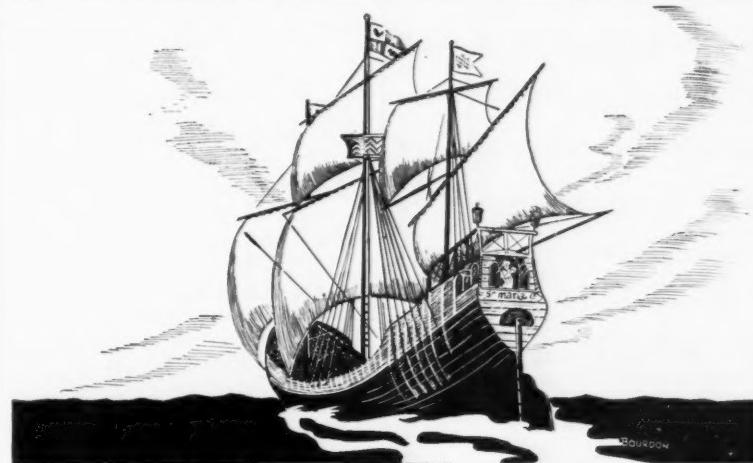
standard, and extended coverage rather than straight fire protection. The association saved the state a sizable sum by applying the 80 percent-to-value arrangement under which it was possible to get a discount of 70 percent from the usual basic rate on the building and 50 percent on the contents. Under valuations determined by the committee and state officials, the permanent insurance was written for a five year term carrying 80 per cent of protection of the \$800,000 building and its \$125,000 in contents.

A requirement that insurance on state buildings be placed in the community where the risks are located meant confinement of the business to the Denver association rather than the state group.

### Caminetti Takes Enforcement Action

SAN FRANCISCO—Many violations of the anti-rebate law have been uncovered by insurance department investigators, according to Commissioner Caminetti of California. Agents and brokers are called upon to correct this situation as rapidly as possible. In a bulletin Mr. Caminetti states that he intends to strictly enforce all sections of the insurance code. First offenders will be dealt with leniently because the anti-rebate and other sections of the code have not been enforced in the past because of insufficient personnel.

Under Mr. Caminetti's plan for the present, those charged with rebating and found guilty, will have their licenses



## SHIPS THAT HAVE MADE HISTORY

*Christopher Columbus's fleet comprised the three most famous ships that ever set sail! The "Santa Maria," largest of the group, was a decked ship of 100 tons with a crew of 52 men, and was commanded by Columbus himself. Unfortunately, the "Santa Maria" went aground off San Domingo, and her bulk was used to build a fort, named by Columbus, "La Navidad."*

One of the pioneers in the field of marine insurance in America was Appleton & Cox, Inc. This concern was organized in 1872, to act as underwriters for a group of subscribers who were organized somewhat after the manner of London Lloyd's. Today, as underwriters for a large group

of companies, the facilities of Appleton & Cox, Inc. have been expanded so that not only are all forms of ocean marine insurance written, but the various inland marine coverages have been added.

Branch offices and general agents are located in principal cities to render more prompt and efficient service to agents and brokers.

Our expert knowledge and experience can be a great aid in solving your marine insurance problems. Just consult our nearest office—you'll find us eager to cooperate.

**Appleton & Cox**  
INCORPORATED

OCEAN AND INLAND MARINE UNDERWRITERS

111 JOHN STREET, NEW YORK CITY



## THE ARCH OF TIME

**145 years have marched across  
the arch of time since the  
founding of the Insurance  
Company of the State of Penn-  
sylvania on April 18, 1794.**

**And the keystone in that arch  
has always been intelligent co-  
operation with the progressive  
agent to provide maximum  
protection, prompt settlement  
of claims, and continuous effi-  
cient service to the insurance  
buyer.**

### Fire and Accessory Lines



**THE INSURANCE COMPANY  
OF THE  
STATE OF PENNSYLVANIA  
Chartered in 1794  
PHILADELPHIA, PA.**

suspended and placed on probation. Second offense means revocation of license.

Since passage of a new fee schedule by the last legislature adequate funds are available for the employment of 20 investigators and 12 are already at work. Several investigators are now operating out of the San Francisco office as follows: W. F. Lange, Harold Rose, Pierre Tomlinson, Clarence McKeegan and John B. Garrison. Others operating out of the Los Angeles office are: E. W. Cooke, E. G. Wall, W. H. Henderson, J. P. Devaney, Lloyd Ledbetter, O. N. Wilton and Erich Berndt.

#### Urge Education on Rebating

Commissioner Caminetti urges agents and brokers to imprint on letterheads and billheads, or on circulars, sections from the insurance code pertaining to rebates.

Inspections of the accounts of agents and brokers during August disclosed numerous violations of the rebate sections of the code, one of the most prevalent being the violation of Section 753 which provides that "—the allowing of credit without interest at current rates—is an unlawful rebate."

After quoting other sections Mr. Caminetti suggests that agents and brokers familiarize themselves with these provisions of the code and advise their clients concerning the requirements of the law.

Qualifications for the investigators who are finding a number of other violations of the insurance code but of a less serious nature than the rebating complaint, require that they be college graduates with at least one year of non-clerical experience or a high school graduate with at least three years of non-clerical insurance experience. After they are approved by the personnel board of the state, they are being given intensive training by R. L. Patterson, acting chief of the license bureau of the insurance department and by D. R. Duckham, administrative assistant and legal counsel in the Los Angeles office and Harold Haas, assistant commissioner in the San Francisco office. Mr. Luckham and Mr. Haas are in charge of training in the law of evidence and hearing and court procedure while Mr. Patterson trains them in general requirements of the California insurance code.

#### Fay Given Broader Powers

Eugene P. Fay, chief assistant insurance commissioner at Los Angeles, has been given increased authority under Commissioner Caminetti. All matters of policy will still be determined in the San Francisco office by Commissioner Caminetti but the new arrangement will give considerably faster and more complete service in Los Angeles. Los Angeles will now have a complaint bureau, under which will be handled policy and license complaints; a license bureau, taking care of examination of applicants and issuance of license; and a document bureau. Robert L. Patterson is in charge of the complaint and license bureaus, with Donald R. Luckham in charge of documents.

Los Angeles offices of the insurance department are being moved and on Sept. 15 new quarters will be officially opened on the 8th floor of the Pacific Finance building. The offices have been arranged for efficient operation. Adjoining the commissioner's private office is a hearing room in which proceedings arising out of the work of the field investigators will be held.

At the present time Commissioner Caminetti has an efficiency expert making a survey of the San Francisco offices of the department with a view to increasing their efficiency through rearrangement of space and personnel.

#### Grant Motion to Dismiss Case Against Kavanaugh

DENVER—A motion to dismiss a suit filed by the Union Investment Company of New Mexico asking that

State Treasurer Armstrong be enjoined from paying the salary of Commissioner Kavanaugh was granted in United States district court here.

The plaintiff, who is understood to have brought the action for Summers West of Pueblo, appointee of Governor Carr for insurance commissioner, alleged that Mr. Armstrong should be prevented from paying Mr. Kavanaugh's salary because the present commissioner had been put into office by the attorney-general rather than the governor. The Union Investment Company was given 15 days in which to amend their suit or stand on the present complaint; also 90 days in which to appeal the case to a higher court.

The suit was brought through a New Mexico corporation apparently for the purpose of getting it into a federal court. However, most legal observers consider the matter strictly one for the state courts.

In case the plaintiff stands on the present complaint, appeals the case and loses, legal observers say, his only other approach would have to be made by requesting the district attorney to file quo warranto proceedings. It would then be up to the district attorney to decide whether such proceedings were warranted. Providing the district attorney agreed to take this step it would be up to Commissioner Kavanaugh to establish the grounds on which he holds office.

#### Associated Producers Reelect

F. M. Hohwiesner, one of the founders and past chairman of the Society of Insurance Brokers of San Francisco, has been reelected chairman of the Associated Insurance Producers of California, organized last year by the fire and life producers' organizations to develop unified action in legislative and public relations matters. Mr. Hohwiesner represents the Society of Insurance

#### Colorado Official Is Making Splendid Record

Commissioner Luke J. Kavanaugh of Colorado is making a real hit in the administration of the insurance department of his state and is appearing before insurance conventions as a speaker. This week he will be one of the speakers at the annual meeting of the Colorado Association of Insurance Agents at Denver. Last week he attended the life insurance convention of the Aetna Life at Colorado Springs. Mr. Kavanaugh is a former newspaper man. Years ago he was a reporter on the Chicago "Journal." Later he was news editor of the Louisville "Herald." He is delving into insurance and the work of the department, being greatly interested in bringing the office to a high point of efficiency.



L. J. Kavanaugh

Brokers. Elmer White of Oakland, president California Association of Insurance Agents, was reelected first vice-chairman and C. W. Peterson, representing the California Association of Life Underwriters, was reelected second vice-chairman. Hugo Myer, secretary of the Insurance Brokers Exchange, was again elected secretary-treasurer.

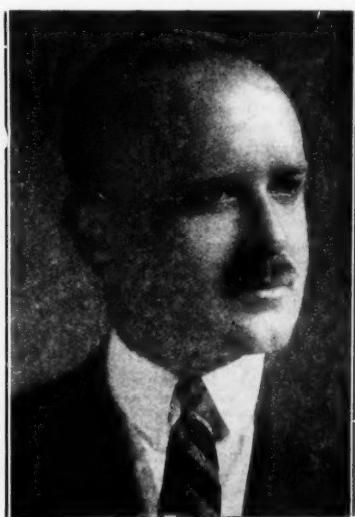
#### Delay Colorado Renewals

DENVER — A considerable number of property owners are reported delaying renewal of fire policies to take advantage of the reduced rates which will

#### Change in Old New Haven Agency



DAVID A. NORTH



DONALD G. NORTH

Donald G. North has retired as president of North's Insurance Agency, Inc., New Haven, Conn., and David A. North was elected to succeed him in that capacity. W. J. Read, for several years a member of the same agency, was appointed secretary. David A. North will continue as treasurer, which post he formerly held.

The new president of the agency comes from a long line of insurance men, the agency having been founded nearly 100 years ago, in 1843, by his great-grandfather, John G. North. His grandfather, John C. North, was the first president of the Connecticut Association of Insurance Agents, and an early president of the National Association of Insurance Agents. His father, J. Richard North, was for many years sec-

retary of the Connecticut Association of Insurance Agents and was later elevated to its presidency, and while in that office died during the Richmond convention of the National Association of Insurance Agents in 1920.

David North, who is the fourth generation in the agency, is at present the head of the New Haven Association of Insurance Agents after serving several years as its secretary, and is also a member of the National Association's executive committee. He was for some time connected with Hartford Fire at New York, and joined the agency which he now heads in 1926.

Mr. Read has been in the business 17 years in Bridgeport and New Haven, and has been a member of the agency official family since 1931.

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become effective Nov. 1. The Mountain States Inspection Bureau is preparing the new schedules as rapidly as possible so as to have them in the hands of agents in time for writing Nov. 1 renewals on the new basis.

#### Hold Regionals and Conferences

SAN FRANCISCO—Continuing the semi-annual regional meetings of the California Association of Insurance Agents prior to its annual convention, meetings were held this week in Oakland, Marysville, Sacramento, Napa, and Petaluma. Donald B. Goldsmith, past president and national councillor, was the principal speaker with Frank Colridge, executive secretary.

Thursday and Friday Mr. Goldsmith, Elmer White, association president, and H. I. Callis, vice-president, are holding their regular semi-annual conferences with the officials of the Pacific Board and the Pacific Coast branch of the National Bureau of Casualty & Surety Underwriters.

#### Colorado Committee Reports

DENVER—The Colorado legislative committee investigating insurance has recommended that the insurance commissioner be removed from civil service and that the control of the insurance department be transferred from the attorney-general to the governor.

## EAST

#### Program Announced for Vermont Agents Annual Rally at Basin Harbor

The program is announced for the annual meeting of the Vermont Association of Insurance Agents at Basin Harbor, Sept. 21. The meeting is being held the afternoon of that day. Harold F. Shea of Montpelier, the president, will give his address. W. C. Lawrence, Springfield, will report as chairman of the executive committee.

#### Col. Dunham to Give Address

Col. H. P. Dunham, vice-president American Surety, will give an address, "Some Phases of the Surety Business." A. C. Mason, Rutland, will report as secretary. H. P. Janisch, executive advisor of the Associated Insurance Agents & Brokers, will talk on "Unfair Competition." Roy Duffus of Rochester, N. Y., will give an address, "1940 Model Production Methods." C. Stanley Stults, Hightstown, N. J., chairman finance committee of the National Association of Insurance Agents, will talk on "Achievements and Objectives."

The nominating committee will report at the banquet session.

The Vermont Association will pay \$15 toward the expense of any member of any agency in good standing in the association that attends the business sessions of the National Association of Insurance Agents in Boston.

## MARINE

#### Marine Prospects Plentiful: Leen

MASON CITY, IA.—The biggest problem in developing marine business is not rates and policy conditions, but the agent knowing a marine line when he sees it, P. J. Leen, Chicago, marine superintendent of the Fireman's Fund western department, said in his address before the Iowa Association of Insurance Agents.

Mr. Leen made an imaginary call on a local manufacturer, who had been sold fire, extended coverage, burglary, messenger

## N. J. President



THEODORE S. BROWN

T. S. Brown, the new president of the New Jersey Association of Underwriters, is head of the Perth Amboy agency of T. S. Brown, Inc., of which his son, Vernon, is secretary, and his son-in-law, H. W. Parker, assistant treasurer. Following graduation as a doctor in pharmacy, he spent several years in newspaper and magazine work, leaving the field in 1912 to associate with the agency his father had earlier established, and which has been growingly successful. It now represents 14 fire and casualty companies in the home territory. Recognizing the benefits of associated effort Mr. Brown joined the New Jersey agents' organization in 1917, and has since been one of its most zealous workers. The past year he was chairman of its executive committee. He has served as president of the Perth Amboy association, and is now secretary of the Middlesex County Board.

robbery, compensation and other fire and casualty lines. On the loading platform are shipments directed to various parts of the world and this manufacturer is a prospect for an export policy, as well as a transportation floater covering his domestic shipments by railroad, express and public truckmen. Public carriers are not liable for "acts of God," which are covered under marine policies and the marine contract will give the assured better coverage at a lower rate than carriers charge for covering values in excess of their limited liability on each package. If the assured is covering his parcel post shipments by government insurance, he can save money by carrying a parcel post floater. He needs cargo insurance on his trucks which make deliveries. He probably sells merchandise on the instalment plan and needs protection on these articles. He has patterns out in various foundries and can cover these under a floater. If he sends out goods on trial or approval, there is an inland marine form to cover this and he can also cover installation risks.

On the way to the manufacturer, Mr. Leen passed an imaginary branch store of a laundry. This store needs bailees customers insurance, which may also be written for dry cleaners. Laundries and dry cleaners are now accepting coats, rugs and seasonal clothing for storage. They can be covered under marine forms.

#### Value of Personal Property Floater

For increasing the number of an agent's customers, Mr. Leen recommended sale of the personal effects and camera floaters. He called the personal property floater the finest contract in favor of the assured brought out during the past decade. He pointed out the

policy takes the place of many separate contracts and gives the assured coverage against a multitude of unknown losses not protected by any combination of forms. He urged presentation to every assured, saying that if the prospect is not ready for the floater he will often increase his fire insurance or buy burglary or silverware insurance after a discussion of hazards and values

bile must not be "required" in business.

The W. X and Y classifications, based upon the make of the automobile, have been abolished in Oklahoma and use and territory are now the only rating factors employed in this state. The Oklahoma exception sheets contain the same 22 questions illustrating the application of the plan as are found in the New York pages. Oklahoma is also following New York in that the new limited named operator policy, covering employees of governments or governmental subdivisions against personal liability from operation of government cars, is not authorized in that state.

#### Three Forms Available

The Marine Office of America with headquarters in New York is opening a service office in the Union Commerce building at Cleveland in charge of N. W. Gilsdorf as special agent. He has been with the Marine Office since 1936, being connected with the Detroit office. Mr. Gilsdorf joined the western marine department of North America at Chicago in 1926, after graduating from Ohio State University. He later became marine special agent at Milwaukee and then at St. Louis. In 1930 he was transferred to Chicago in charge of marine underwriting. For a time he was also marine special for the Northern Assurance, traveling in the middle west. He is a son of W. J. Gilsdorf, Ohio state agent of North America.

#### E. C. Donnelly Is Now in Field

Elmer C. Donnelly has been assigned to travel for the marine department of Fidelity & Guaranty Fire in the northern Illinois field. He has been connected with the Chicago office of Fidelity & Guaranty Fire for the past five years. For the last three years he has been an underwriter in the marine department. His earlier experience was with Travelers.

#### G. F. Richardson Joins Atlantic

G. F. Richardson has joined Atlantic Mutual of New York and in due course will be assigned to field work. He has been with North America since 1928, first in Chicago, then a year later in Grand Rapids where he was engaged in the development of marine business. In 1930 he was made associate manager in Detroit where his primary responsibility was marine.

#### Oklahoma Auto Rating Plan Follows New York Rules

OKLAHOMA CITY—The private passenger automobile rating plan adopted in Oklahoma and incorporated in the Oklahoma exception sheets for the automobile casualty manual is identical with the plan in force in New York, except that cars rated as class A take the usual 20 percent reduction from the rates for class B cars and cars rated A-1 are reduced 25 percent. These percentages are used in practically all states except New York. The Oklahoma rate pages show the specific premium for each car in each territory, as is done in New York.

The Oklahoma plan follows the New York plan in that signed applications are required for both class A and class A-1 ratings. The former requires the signature of the applicant or his representative, while a class A-1 rating requires the signature of both the applicant and his representative. Financial responsibility law surcharges are applied to the rate classification in which the car falls by reason of its use. In most states, financial responsibility risks calling for 25 percent and 50 percent surcharges are based upon the class B rates, regardless of use of the automobile. Oklahoma is also following the New York system in that class A and A-1 ratings require that use of the automobile must not be "customarily involved" in the duties of the assured or any other person customarily using the car in his occupation, except going to and from his principal place of business. The plan in force in most states provides that use of the automo-

#### Maryland Casualty Winner

BALTIMORE—The photographic illustration which appeared in the January, 1939, advertisement of the Maryland Casualty captioned "The Net of It," has been awarded first prize in the National Advertising Classification, Advertising Art's 1939 exhibition of "Advertising Photography."

#### Louisiana Annual Meeting

The executive committee of the Louisiana Insurance Society has decided to hold its 1940 annual meeting at the Washington-Youree Hotel, Shreveport, some time in April. The definite date will be governed by a time the National association holds its mid-year meeting.

The State Automobile Mutual of Columbus, O., has opened a district office in Kansas City under T. K. Smith to serve Missouri and Kansas.

A. M. McAuliffe of the Lockhart & McAuliffe agency, Augusta, Ga., has been appointed general chairman of the annual drive of the Character Chest in his city.

## MARINE OFFICE OF AMERICA



### TODAY, MORE THAN EVER

Americans engaged in foreign trade need the security of American dollar assets. Prevailing uncertainties abroad should cause importers and exporters to give urgent consideration to insuring their shipments with American companies.

This situation presents a timely opportunity to solicit this class of business, in which our organization has established a world-wide reputation as specialists. Capable assistance in underwriting Ocean Cargo insurance is offered by our seventeen offices.

WESTERN DEPARTMENT INSURANCE EXCHANGE BUILDING CHICAGO  
NEW YORK SAN FRANCISCO PORTLAND NEW ORLEANS  
ATLANTA BOSTON DALLAS DETROIT MONTGOMERY HOUSTON LOS ANGELES  
PHILADELPHIA PITTSBURGH ST. LOUIS BIRMINGHAM SYRACUSE



LOSSES PAYABLE IN ALL PARTS OF THE WORLD

## Hearings Ended in Missouri Rate Case

(CONTINUED FROM PAGE 3)

insurance department has been to show some knowledge on the part of the companies or their counsel of the use to which Street put some \$460,000, but in no case here did officials indicate that they had such knowledge. As the department attorneys failed to elicit



**RAY B. DUBOC**

such knowledge, they have attempted to show how unusual, even strange, it was that company officials would approve substantial payments of money for purposes into which they made such small inquiry.

"Didn't it strike you as strange or unusual that although 30 percent of the impoundments had been set aside for legal and other expenses in connection with the settlement, that you were assessed an additional 5 percent?" Mr. Duboc was asked.

"There were so many ramifications to the litigation that we were unable to keep up with the details," Mr. Duboc replied.

" Didn't you exercise any independent judgment in the matter?"

"I didn't have an opportunity," Mr. Duboc said.

"Even as president of your company?"

"We had objected to previous assessments, but it hadn't done any good, so we just went ahead and paid," was Mr. Duboc's comment.

### Record of Assessments

Under questioning by Douglas Hardig, attorney for Western Fire, Mr. Duboc explained that the company was assessed irregularly as to time, amount, and purpose; that the company had paid a regular assessment of 2.25 percent of its Missouri business in 1928 for expenses in connection with Missouri rate litigation; had paid a regular assessment of 2.25 percent in 1929 along with two special assessments of 1 percent each; 2.25 in 1930 with a special of one-half of 1 percent; 2.25 in 1931 with a special of nine-tenths of 1 percent; a regular of 4.5 in 1932; 2.5 in 1933, 2.8 in 1934, and 3 percent in 1935. A special assessment in connection with Missouri rate case litigation was, then, hardly unusual enough to warrant special inquiry.

"We were a small cog in a big wheel, and we did what we could," was Mr. Duboc's final comment.

### Foloni Letter Introduced

Mr. Hobbs was returned to the stand here in order that Henson might introduce a letter from Hobbs's files, written by Attorney R. J. Foloni of Chicago to Mr. Street, and dated March 12, 1935. Insurance counsel objected vigorously to the introduction of the letter on grounds it wasn't material, that it was confidential from attorney to client, etc. Henson offered it in an attempt to show knowledge of the settlement negotiations between Street and O'Malley, and of their character.

Barnett permitted introduction of the following quotation: "The attorneys for the superintendent know all about your discussions with the superintendent and tried to talk to me about the subject. I avoided discussion and tried to leave

the inference that I did not know about it without putting it into words."

However, Barnett pointed out that by permitting the introduction of this portion of the letter he was not thereby inferring that Foloni had knowledge that "Street was going to bribe anybody."

### Testimony of Gardner

Mr. Gardner thought the payment of a 5 percent assessment on an indirect request from Street was unwarranted, but changed his mind and made the payment when Street wrote to him directly. He explained also that at one time "we wrote a letter (to the subscribers' committee) urging compromise and threatening to withdraw from the Missouri rate suit." The company did not, however, withdraw.

A special agent of Great American brought Street's request for 5 percent to Mr. Gardner, together with a check for the Merchants' 11 percent.

"What in the letter from Street satisfied you on what the so-called expenses were for?" Holman asked Mr. Gardner.

"I couldn't see any purpose in carrying the matter further, even though I may not have been completely satisfied by that letter," Mr. Gardner said. "Street said in his letter that the money was for expenses, and that there would be a due accounting made. I had no reason to question that statement."

### Delegation of Responsibility

Mr. Gardner went on to explain that "it was more a matter of psychology than of any definite information, that it has been customary ever since I've been in the insurance business to delegate responsibility for certain things to certain people and then proceed with confidence. In a very complicated business we can't watch every detail. There were a whole lot of questions about the Missouri rate case that I didn't understand thoroughly. My protest didn't necessarily reflect a lack of confidence. I wasn't in the least suspicious, but I did need more of an explanation than the special agent for Great American gave me for the company files."

Holman called attention to a sentence in Street's letter to A. L. Jessup, state agent of Great American at Denver, which said, "You can show him (referring to Gardner) this letter and then destroy it."

"Didn't this rouse your suspicion?" Holman asked.

"No," replied Gardner.

"It didn't rouse your suspicions of the whole transaction?"

"No. I couldn't explain some things, but I had confidence in the business and its practices."

"Why did you pay the money?"

"Because I thought it the proper thing to do. All the other companies had done so."

### Meeting in N. Y. This Year

The only meeting Gardner ever attended at which the matter of the compromise settlement and its expenses were discussed or explained was one held in New York this year, toward the end of June, the purpose of which was to determine what the companies were going to do "from now on," Gardner indicated.

The Street letter to Jessup: "Please see Mr. Gardner of the Merchants and hand him this check for \$1,335.21. Tell him it represents 11 percent of his impounded premiums in Missouri as of May 1 last and that he, as has been done by all the companies, excepting in the case of a few small items like this which have not yet been presented, is to give you an expense check to the order of C. R. Street, Agent, for 5 percent of the amount of such impoundments, which in his case would be \$669.40."

"Tell him a full statement will be rendered when this thing is out of the way."

"I received expense checks to the order of C. R. Street, Agent, from the

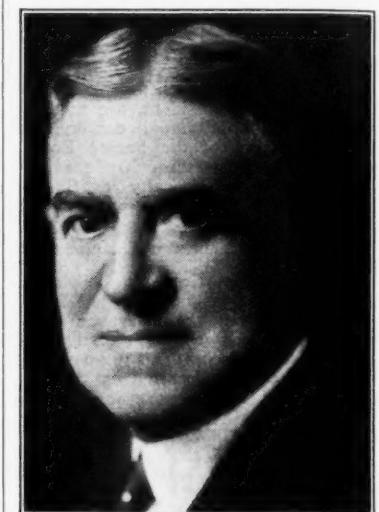
Home, Hartford, National and other companies heavily interested. It was all agreed on at a meeting in New York.

"You can show him this letter and then destroy it."

### Parsons Had Little Knowledge

Parsons was brief in his responses to insurance department questioning. He knew little about the case, he said, except in a general way, and he could enlighten Hollingsworth very little.

Mr. McCain was more detailed. He discussed freely the meeting in the Aetna directors' room May 3, 1935, at



**W. R. McCAIN**

which Street made a report. Street started off with the thought that there was some dissatisfaction among the companies in the east as to the way in which the Missouri rate case was being handled, and a growing feeling that the companies should compromise, Mr. McCain testified.

Street was asked how he thought they ought to go about compromising the suit, and Street replied, according to Mr. McCain that "a town hall meeting is not the place to discuss it." Street pointed out that he had been in the insurance business 50 years or so, and that he thought he was capable of handling the job of compromising the case. He asked officials present if they were willing to have him handle it, and Mr. McCain for one said, "Yes." Street then explained he would need money. Asked why, he replied, for legal expenses. He then asked company officials if they were willing to trust him. He had collected about \$60,000 in New York, and needed \$100,000; he wanted the difference from the Hartford companies. McCain then asked him how much he wanted from him, and when he said \$5,000, McCain went out, got the check and gave it to him.

### Proposal Was Satisfactory

Street indicated at this meeting that he thought the case could be settled on the basis of 80 or 90 percent to the companies, which was very satisfactory to them.

"Did Street indicate he had talked with anyone to get such an assurance?"

### EAGLE FIRE INSURANCE CO. (New Jersey)

### FIRE RE-INSURANCE

Treaty  
18 Washington Place  
Newark, New Jersey

### BALTICA INSURANCE CO., LTD. (Denmark) U. S. BRANCH

Facultative  
90 John St., New York City  
Pacific Reinsurance Bureau, Ltd.  
114 Sansome Street,  
San Francisco, California

### National Inspection Company Chicago, Illinois

For 36 years—making inspections and underwriting reports for stock fire insurance companies, in the following states:

Illinois  
Indiana  
Iowa  
Kansas  
Kentucky

Michigan  
Minnesota  
Missouri  
Nebraska  
Ohio

Oklahoma  
Tennessee  
West Virginia  
Wisconsin

J. G. Hubbell,  
H. B. Chrissinger,  
Managers

R. L. Thiele, Ass't Mgr.  
M. E. Bulske, Chief Inspector

### QUEEN CITY FIRE INSURANCE COMPANY

SIOUX FALLS

D. P. LEMEN, President

1905

Thirty-four years of service

SOUTH DAKOTA

1939

### FACTUAL APPRAISALS

Impartial Valuations  
of Industrial and  
Commercial Property ... A  
quarter century of factual  
appraisal service to Ameri-  
ca's more conservative  
business institutions.

SOUND  
COMPETENT  
RESPONSIBLE

The Lloyd-Thomas Co.  
APPRaisal ENGINEERS

EXECUTIVE OFFICES  
NEW YORK  
350 FIFTH AVE.  
CHICAGO  
4411 RAVENSWOOD AVE.  
DISTRICT OFFICES IN OTHER PRINCIPAL CITIES

Henson asked. Mr. McCain answered in the negative.

All the large Hartford companies were represented at the meeting, and all wanted to compromise the case.

"Street didn't indicate what he was going to do with the money?"

"That was just the point, he asked us to trust him. The impression we got was that he was going to hire additional legal counsel. When company representatives brought up the point that they could depend on their own western departments, Street indicated he thought they were too close to the situation, that the way the matter had developed in Chicago made it difficult to work it from Chicago and through the western departments."

#### Position of Smaller Companies

"Did anyone suggest to Street that he should confer with the smaller companies regarding compromising the suit?" "No." "Did it occur to you?" "No."

"Didn't you feel you should have the okay of the actuarial committee on the compromise suggestion?" "No, Street felt the western managers were opposed, at least in part, to a compromise."

Mr. McCain pointed out that the case was a long one, dating from 1922, and that it had cost his companies for one phase of it \$57,000 for legal and other expenses. Naturally his companies were anxious to see the case out of the way.

When Street suggested the case could be compromised, the mental reaction of Harold Warner "was that this, like many other matters, should be left in the hands of an individual or a committee. At that time it didn't strike me as unusual. I felt that if we did get any of the impounded fund back it would be so much salvage."

#### Saw Recovery as "Salvage"

From a notation on the Royal account in connection with that company's check to Street, Hollingsworth suggested that company officials felt there was a possibility some of the amount advanced would be recovered. Mr. Warner said the matter was given little consideration at the time or later.

Mr. Warner explained that his reaction to the second Street request for money was the same as it was to the first, that if his company got anything out of the case, it was "so much salvage."

"Did Street say anything to you from which you could infer there was anything mysterious or suspicious?" Mr. Bullitt asked Mr. Warner. "No," Mr. Warner answered.

Barnett questioned Mr. Warner closely as to the purpose of this second meeting—March, 1936, in the office of Paul L. Haid, at which Street asked for the 5 percent. He seemed to think that the report of what had taken place at that meeting would not take up nearly all the time it was said to have lasted, even though it was a short meeting.

#### Terry Was in the Dark

Mr. Terry, whose Missouri Inspection Bureau made many of the assessments to pay Missouri rate litigation expenses, testified he knew nothing of the \$100,500 collected by Street until he read of it in the newspapers. Nor did he know of the 5 percent assessment made by Street. He learned of the proposed compromising of the Missouri case in April, 1935, when he was in Street's office in Chicago on other business. Street said he was working on a compromise and he wanted Mr. Terry to prepare certain rate filings.

Street requested Mr. Terry to be in the Hotel Muehlebach, Kansas City, May 14, 1935, for a conference. When he came to Kansas City he saw the late J. V. Parker, secretary actuarial committee, first; later on he saw O'Malley, Street, A. L. McCormack, John T. Barker (of state counsel) and Leonard Poor, actuary for the insur-

ance department. Mr. Folonie was there also.

"Parker, Folonie and myself were asked by Street to leave the conference room."

"What transpired up to the time you were asked to leave the room?" Hollingsworth asked.

"We discussed state expenses, attorneys' fees, agents' commissions on impounded funds. There was practically no discussion of rates or rate levels;

but there was some discussion of hail rates and hail losses."

"Was there any agreement on any phase of the settlement before you were asked to leave?" "No."

"What was under discussion when you were asked to leave?" Terry said they had no idea. There were no directions to the three men about remaining available, but they did so. Mr. Terry said they never were called back, though they stayed in an adjoining room

until early evening. Street came out finally and announced they had reached a compromise.

Mr. Terry indicated that there was friction between Folonie and Street, and that it had grown up over several years. Street had no use for lawyers of any description, Mr. Terry said, and Street felt the case was being delayed by the attorneys—and resented it.

Mr. Terry was given by Street the general terms of the compromise, as

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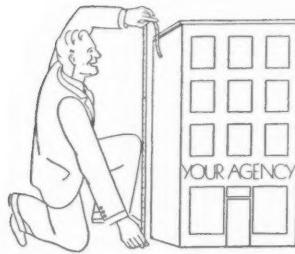
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they were finally embodied in the stipulation of settlement. There was no further meeting, no further information for Mr. Terry.

Mr. Terry pointed out that while in the negotiations a 95 to 105% rate level was discussed, and the final one agreed upon was 97½ percent, actually, because of rerating individual risks, the level under the compromise became, in effect, lower than that figure.

"You've indicated you authorized Folonie to bring the suits, indicating he was to a certain extent your client, yet you took no part in the compromise?" was a Barnett comment.

"After the suits were started, litigation was handled by the subscribers' actuarial committee."

Berger did not attend the settlement meeting in the Muehlebach, and was not invited to. Folonie called to tell him about it, but with the proviso that he, Berger, wasn't supposed to know, and "to keep it confidential."

### Deemed 30% Adequate

Folonie, Barker and Berger conferred May 15 and 16, following the settlement conference, to outline the general terms of the settlement. Berger said he knew nothing of the \$100,500, or the 5 percent assessment, until Milligan filed his suits early this year.

Berger testified that in drawing up the settlement it was anticipated that the 30 percent for expenses would be enough to pay all of them; that if he had felt that wasn't enough, he would have set up more.

Mr. Culver testified that at the May 2, 1935, meeting in New York, Street said there had been considerable pressure by agents and chambers of commerce to settle the case, and that he felt there was a pretty good chance to do so on an 80-20 basis. He didn't, Mr. Culver said, indicate that he had talked to anyone to have that basis for optimism. Street indicated there would be an accounting of funds advanced to him. No one, Mr. Culver said, asked Street about a return in case of failure to compromise.

In a letter to E. A. Henne, Chicago, western manager, Mr. Culver suggested allocating the Continental's \$15,000 contribution to Street to "legal expenses," but added that he was leaving "that up to your judgment."

### "Threw It in for Good Measure"

"What did you mean by that?" Henne asked Mr. Culver.

"Oh, I just threw that in for good measure," Mr. Culver replied. He added that "everyone was delighted at the prospect of getting the Missouri case settled, so they made few inquiries. It didn't enter my mind that Street didn't plan to submit the idea to the other, smaller companies, in some form."

Mr. Elwell had little direct knowledge of the settlement circumstances, since he was not manager in 1935 and 1936.

Henson rested the department's case after getting Berger to agree that "at no time in 1935 or 1936, or ever, was T. J. Pendergast a licensed lawyer."

Over objections of the department that it was not material, Barnett permitted Berger to offer in evidence the original report of Folonie and Henne as trustees for the 30 percent fund; the judgment of the Cole County (Jefferson City) circuit court in the old "restitution" case (the 10 percent Hyde case).

These were to show the companies have made restitution in the 10 percent case. Berger also introduced, over the same objections, the pleadings, bills, motions, orders, answers, etc., on file with the federal district court and pertaining to various phases of the 16½ percent case, along with the master's (Paul V. Barnett) digest of evidence and report of finding of facts made before the case went into the compromise phase.

Testimony of John J. Campbell, in charge of the custodian's office, showed that the office has 3,566 checks which remain unmailed because policyholders can't be found. Checks written and mailed total \$3,197,107 for \$2,230,313. Checks mailed but not paid by the bank total 413,149 for \$183,600.

Mr. Henne attended the Thursday hearing.

### FROWN ON O'MALLEY PAROLE

KANSAS CITY—R. E. O'Malley, former Missouri superintendent, will not be paroled from the federal penitentiary at Leavenworth, where he is serving a term of a year and a day for income tax evasion, if the recommendations of both Judge Otis, who sentenced him, and U. S. District Attorney Milligan are followed by the government. Both Otis and Milligan recommended that O'Malley not be paroled, it was learned here last week when news of O'Malley's application for a parole became known.

### STATE COURT TO HOLD HEARINGS

JEFFERSON CITY, MO.—The Missouri supreme court has appointed a special commissioner to determine the tribunal's jurisdiction in the proceedings brought some weeks ago by Attorney-general McKittrick in an attempt to oust 142 companies from the state or to impose fines on them for their alleged part in the rate case compromise approved by Superintendent O'Malley in 1935.

S. A. Dew, Kansas City attorney, special commissioner, is to hear testimony and arguments of counsel in connection with the contention of the companies that the Missouri supreme court is without jurisdiction, since the rate compromise is now in litigation before a special three-judge federal court in Kansas City.

### Two Coast Organizations Choose New Officers

OAKLAND, CAL.—S. F. Hammond, Jr., former vice-president East Bay Insurance Exchange, is elected president. Other officers elected are: First vice-president, Neal Harris; second vice-president, S. G. Macbeth; secretary-treasurer, Ned Harbert. Executive committee: John A. Eggers, P. E. Snook, A. C. Alstrand, C. W. Savage, C. G. Mehrten, J. A. Deadrich, H. D. Clark.

S. G. Macbeth was elected president Oakland Association of Insurance Agents at the same time with the following:

Executive committee: P. E. Snook, C. M. Putnam, Wm. T. Robertson, Ray J. Kavanaugh, K. G. White, H. M. Sharp, R. C. Fischer, C. H. McAleer, P. R. Welch. The secretary-treasurer will be elected by the executive committee from its membership. Donald Goldsmith, National councilor California Association of Insurance Agents, was the principal speaker at the meeting.

## Great Growth in Numerical Strength Is Heartening

(CONTINUED FROM PAGE 16)

during the year and he devoted himself with zeal to an ambitious program. His service got the fullest recognition. In resolutions, comments of speakers, he was praised at every hand. The leaders are determined that the association shall hold its advantage and the immediate objective is to increase the membership to about 600.

### Tangible Evidence at Hand

The association had a real object lesson in the strength of organization effort in the passage of the Iowa countersignature law at the last session of the legislature. Such a law, various leaders pointed out, could not have been passed had it not been that the association was one of impressive size. Passage of the law gave impetus to the increase in membership, because the proselyters were in position to say that the countersignature law would produce for an agent a good deal more than the amount of his association dues in the course of a year.

Registrations at the convention numbered about 275. The weather was typical or a little more so, of the usual Iowa convention. In other words, it was in the high 90's, 99 to be exact, the first day, when the heaviest part of the program was run off. The members got down to their shirt sleeves and remained in the meeting room throughout the day and the banquet hall at night, faithfully and obviously with much interest.

The leaders are discussing holding the conventions in the future at least a week later in September, in the hope of enjoying better weather conditions.

### Official Setup Altered

The resolution was adopted whereby under the official setup of the association was altered somewhat. Instead of just a plain ordinary common variety of vice-president, the association now has an executive vice-president. The retiring chairman automatically becomes chairman of the board and the retiring chairman of the board automatically becomes chairman of the past presidents council. There are four regional vice-presidents that are appointed by the chairman of the executive committee, with the approval of his associates. The secretary and national councilor are elective officers. The executive committee consists of the officers, elected and appointed.

Bids for the 1940 convention were received from Des Moines and Cedar Rapids. The executive committee deferred making a decision on this point. There is some sentiment in favor of holding a mid-year meeting every other year during the legislative season in Des Moines. If that is decided upon, it may be that the annual meeting next year will be held in Cedar Rapids.

The resolutions committee report was prepared in interesting style. The usual formalities were eliminated, there were no whereases and resolves and it was merely a straightforward statement of recommendation. J. R. Vaughan, the

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veteran former president of Waterloo, and Harry P. Pratt, of Sioux City, another past president, collaborated. One of the recommendations was that definite action be taken to insure that application of the countersignature law be fair and equitable. The countersignature commission belongs to the agent residing at the point where property is located and centralization of agency for countersignature and payment of commission is a violation of the spirit of the law, according to the resolution.

The committee recommended that a local board be organized in every town where possible and if a board cannot be located in a town that a county organization be set up.

The attendance prize that goes to the local board that has the largest product of number of members attending times the total distance traveled to the convention city, was won by Des Moines. It had 21 members of its board on hand, each traveling a distance of 131 miles.

Second place went to Council Bluffs with seven members registered; third, Cedar Rapids, nine. Secretary John S. Cutter presented the cup to Ivan Anton, secretary of the Des Moines Board.

#### Talk by C. W. Borrett

C. W. Borrett, Iowa state agent of Hanover Fire, gave a talk on the benefits of the state and National association to local agents. He asserted that the top men in all lines of business belong to their trade association. They recognize the value of an exchange of ideas with other members of their own trade. This exchange comes from meetings, bulletins and trade magazines.

In insurance, he mentioned the value of the annual meetings of the state organization. He pointed to the enactment of countersignature law in Iowa which he said could not have been passed had it not been for the organization. The fact that uniform business development ideas now exist is due to the fact that the National Agents Association and the companies collaborated. He mentioned the many ways in which the agents association has been looking after the interests of the members in Washington.

Mr. Borrett advocated the creation of local boards. In order to organize these boards it is necessary for some one in the community to take the initiative. If there is jealousy and bad feeling between the agents in a community, every effort should be made to harmonize the differences. Through local boards, many of the angularities of competition are removed.

#### Banquet Is Successful

The banquet was especially successful. J. Earl Hall, Mason City newspaper publisher, was the toastmaster and he performed in most acceptable style. The principal speaker was C. F. Thomas of Chicago, manager of the Western Underwriters Association. Mr. Thomas had prepared a thoughtful paper on the function and proper sphere of organization in the fire insurance business. He spoke in resounding voice and held the attention of his audience closely. At the banquet President Hopkins introduced Harry C. Brown, who was then vice-president, and Mr. Brown in turn introduced Mr. Hall. Commissioner Fischer of Iowa was on hand and he spoke very briefly.

George H. Harrer, head of the golf committee, awarded prizes to those that had participated in the golf tournament the previous afternoon. He said that the committee had simplified its decision by giving every one who participated in the tournament a prize, a golf ball. Those at the head table were introduced, they being the speakers of the day.

C. Arthur Ruhl of Davenport, the retiring chairman, presented a handsome pen and pencil set to Mr. Hopkins.

The morning of the second day there was a breakfast session for local agents only. R. W. Forshay, national councilor, who is a member of the executive committee of the National association, presided, and told the story of the Com-

munity Credit Corporation corn loan insurance victory. Mr. Forshay was one of the conferees in Washington that helped to bring about the gratifying results.

Telegrams were read from Governor Wilson of Iowa, W. A. Scherer, Fort Madison, former president; W. H. Menn, Los Angeles, president National Association of Insurance Agents; W. H. Bennett, general counsel National association.

#### C. F. Thomas Tells Sphere of Insurance Organization

(CONTINUED FROM PAGE 16)

low and we shall have many judgments as to how the business should be conducted.

"The cure," he continued, "does not lie in the enforcement of any one judgment or opinion respecting all the variations and deviations in the conduct of the operations. A monopoly with the power and license to rule all rates, forms and commissions would be intolerable. The troubles of the business are strictly private and have no factor of public policy or public interest. The interest of the public is in the fundamentals and is not concerned with the irritation of those in the business of each other in the procedures and processes that are employed."

"The responsibility is on the business to govern itself," he declared.

#### Taking Quarrels to Public

Much trouble is caused, according to Mr. Thomas, by insurance people themselves taking their quarrels to the public.

"Have we permitted to develop a state of mind, willing to concede futility of our efforts and ready to accept the proposition that some power or some agency somewhere outside of our business can do more for us and more for the business than we can ourselves do for ourselves and for our business?" he added.

Federal control may come and is sure to come upon invitation of the business itself, he said. The most cordial invitation would consist of a breakdown of the procedures and processes of the business, he declared. If federal control does come it would not be in lieu of state supervision but additional.

Mr. Thomas said he is firmly against federal regulation. There is no public outcry charging mistreatment, he declared. The business is honorable, supervision by the states has been adequate, fair and constructive. It is true that consolidated ownership of property in wide locations necessitates following a national pattern in many essential procedures, but the fire policy is a personal contract, the service rendered is individual and intimate. These fundamentals of business cannot be readily adjusted to successful and constructive supervision by a centralized non-resident control, he asserted.

The insurance commissioner of the state is a neighbor and is able to treat local problems with an intimate touch, he declared.

State supervision amounts to the requirement that the company shall deal justly and without discrimination with the public. The injunction is expressed in such forms as anti-trust statutes, anti-discrimination laws and in discretionary powers vested in supervising officials. Even in Iowa that has a clear and specific anti-trust law, the U. S. Supreme Court has held that companies are not forbidden to exchange or consolidate their experience. It is only agreement among the companies that creates offense under the law.

Regulation has not imposed unreasonable restriction on the free development of the business by companies and agents. It is not desired that competition be throttled by law.

In order to render the full possibilities of service, the business must be willing to take up the responsibilities and

sacrifices of self-government. That means self-control—voluntary, individual self-restraint in motion. "Self-government," he said, "means respect for the other fellow and recognition of his right to hold and act upon a differing judgment. Self-government means moderation, tolerance and negotiation of our difficulties, rather than obliteration of them."

He criticized those who would seek to squelch competitors, if necessary by legislative action. That is the road that leads to regimentation, he said. Self-government is possible only when all of the interests know the facts and the best way to get facts is "to move in a little closer together and ask each other questions," he said.

Voluntary association, he declared, is the only safeguard against the destructive extreme of monopoly on the one hand and the exercise of irresponsible personal judgments on the other.

Organizations in the business do the best they can, always trying desperately to be right more times than they are wrong. There are phases of discipline to organization that organization cannot afford, courts-martial and sunrise firing squads, he said. "Organization," he said, "affords the opportunity for extra work and additional expense and the most it can do will be less than you hope for. Organization at best is woefully imperfect and at its weakest is a thousand times better than regimentation."

A policy of exterminating one another either by force or by legislation is unthinkable, he said. Competitive problems will always exist and those in the business are inclined to think that competition is sharper this year than last. If there is more competition now than 40 years ago, there is also more business and the compensation is much greater, he said. Competition cannot be avoided and the business should proceed to do all that it can within the law to stabilize its practices by organized self-government.

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(CONTINUED FROM PAGE 17)

in dwelling policies. Further broadening of the dwelling policy has been requested of the companies at subsequent conferences and he expressed the hope that the changes will be granted.

### P. J. Leen's Marine Talk

P. J. Leen of Chicago, superintendent of the western marine division of Fireman's Fund, gave a practical talk on the opportunity in the marine field. In these troubled days, Mr. Leen said, the shipper should get his insurance from his local agent rather than permitting the consignee to place the cover.

Mr. Leen referred to the fact that war risk rates have been increased from 15 cents to London to \$4.50. The sinking of the *Athenia*, he declared, was undoubtedly a big factor. He said Fireman's Fund had a cargo loss in the sinking of the *Athenia* on shipments of linen and cutlery from Glasgow.

Mr. Leen was asked a number of questions. "What is inherent vice?" he was asked. It is a term that has been handed down through various all risk policies; it is a safeguard, but is rarely an issue.

In response to a question, he said a mirror would probably be regarded as an article of a brittle nature. However, if the mirror constitutes only a small portion of the value of a piece of furniture and the frame were accidentally damaged, the loss would probably be paid.

The lens on a camera would be covered under a personal property floater since it is covered under a camera policy. It is not treated as an article of brittle nature.

### Convention Committees Named

Mr. Hopkins announced appointment of convention committees. The nominating committee consisted of Mr. Ruhl, Ted Flynn, Des Moines; Dick Bell, Atlantic; Howard Knesel, Mason City. Resolutions: J. R. Vaughan, Waterloo; Sam T. Morrison, Iowa City; H. P. Pratt, Sioux City; Fred S. Barlow, Spirit Lake; Painter Knox, Council Bluffs; A. P. Speers, Centerville; J. T. Dykehouse, Rock Rapids. Auditing: Lyle Jeffries, Clinton; Marie P. Paulson, Osage. Attendance: Paul J. Newlin, Council Bluffs; T. J. Bracker, Mason City; H. C. Burleson, Cedar Rapids.

At the first afternoon session J. R. Vaughan of Waterloo, head of the new committee of past presidents, gave a report. The head of the committee, it was decided, shall be the retiring chairman of the executive committee. The com-

mittee proposed that the official setup be changed to provide for the election of a president, executive vice-president, secretary and treasurer, and selection of four regional vice-presidents by the executive committee. The executive committee would consist of the elected officers, the four vice-presidents, national councilor and immediate past president, who shall be chairman.

Mr. Hopkins appointed as a committee to consider the recommendations John S. Cutter and two others to be selected by Mr. Cutter.

### Review of Legislation

H. P. Pratt, Sioux City, reviewed the legislative session. Enactment of the countersignature law was the principal achievement, he said. The law, he said, is modest. It requires payment merely of 5 percent of the premium to the countersigner. He expressed the hope that the insurance commissioners association sanction a uniform countersignature law. The next objective in Iowa, he said, should be enactment of an agents qualification law. The association should promote such a statute, he asserted. The association is streamlining its activities, Mr. Pratt declared. Until this year when nearly half of the counties were unrepresented in the association little influence could be exerted in the legislature, but today, with every county represented, the association has a real voice, he observed. Mr. Pratt, a past president, is one of the substantial, forceful men of Iowa.

Leon Morse, Council Bluffs, reported on local boards. At Ames, a local board has been completed and it is affiliated. Its membership is 10. The Burlington Board, 12 members, has become coextensive. The Clinton Board was reorganized and is now affiliated. Des Moines is now fully affiliated, as is Marshalltown, with 9. Work is going ahead in other towns.

### Activities of Rural Committee

Fred Stauffer, Colfax, reported on the rural agents committee's activities. The farm policy has been greatly broadened, he recalled. Stock company advertising in rural papers, he commanded. Automobile insurance of stock companies has been made more competitive. He expressed regret that the Iowa Farm Bureau, partially supported by taxation, has entered the insurance business.

H. C. Brown reported for the accident prevention committee.

T. Y. Beams, vice-president of Eagle Indemnity, gave an address. He spoke enthusiastically of the National Bureau of Casualty & Surety Underwriters and Association of Casualty & Surety Executives and he told something about the functioning and setup of these organizations.

He reviewed some of the recent developments in the casualty field. The

Al-A-B auto rating plan was adopted only after five years research, including the collection of experience of member companies over a two year period.

The \$1,000 single limit policy, he said, got away to a slow start, but it provides full defense and 90 percent of claims are settled for less than \$1,000. Some companies report that in recent months the sales of the \$1,000 policy have been rapidly increasing. Mr. Beams said he has never been an advocate of the policy, however.

By the end of this year, he said, the value and public appeal of the safe driver reward plan will be determined, he predicted.

C. F. Liscomb, Duluth, immediate past president National Association of Insurance Agents, gave an address.

### Address of Liscomb

The conception of the National Association of Insurance Agents and agency organizations in general as a most potent means by which the agent may support the American enterprise system was given by Mr. Liscomb. Mr. Liscomb is a great favorite in Iowa and his talk was well received. Mr. Liscomb observed that insurance had always kept pace with American enterprise. Every new enterprise has been accompanied by parallel insurance coverage.

Mr. Liscomb declared that self-insurance schemes that are taken by local, state and national governing bodies are not aids to American enterprise. "Any fund builded from taxpayers' money, used to compete with invested capital, is not American," he said. "We recently had a threat of such a program materializing on a national scale and thanks for the foresight of government officials and to the untiring efforts of your association leaders, this was discouraged and defeated."

### Consumer Cooperative Threat

The consumer cooperative is a direct denial of the right of a fair return on invested capital, he said. The movement embraces a determination to eliminate the middle man. It is an un-American project, he declared. These cooperatives are frequently subsidized out of tax money and at the same time escape their contributions to tax paying programs.

Through local or regional boards and state and national agents' associations, he said, the individual can demonstrate to his local townsmen that he is a middle man competent of earning his way.

Mr. Liscomb asserted that the schools being conducted by the state agents' associations should have a wholesome effect. They will tend to cause the agent to be recognized as a professional man. He said the National association is considering adoption of a program that will supplement these state schools.

W. L. Falk, manager brokerage department, Royal-Liverpool, spoke authoritatively on the consumer cooperative issue.

### Fall on Consumer Cooperatives

An impressive treatment of the consumer-cooperative issue was contained in the address of Mr. Falk. Mr. Falk appeared towards the end of the day's program, the heat was intense and those in the audience were wilted, but he held their close attention for nearly an hour. He is an earnest speaker and has a fund of information on the subject.

"Through our business groups, civic associations and chambers of commerce," he implored, "let us make it plain that we stand for the profit motive in American business. In all earnestness let me say to you that unless this cooperative system is 'nipped in the bud' we may all of us be fighting for our very existence."

The estimate is, he said, that consumer-cooperatives in 1938 transacted a business of more than \$500,000,000; that the cooperatives in the United States have more than 2,000,000 members, operate more than 6,600 organizations.

Mr. Falk deplored the fact that the propaganda for the cooperatives is being given impetus by governmental authorities. He cited the resolution that

was adopted by the Federal Council of the Churches of Christ in America, approving cooperatives and urging the churches to support them. Mr. Falk expressed the belief the church is going far afield when it attempts to interfere with or damage the economic system under which the country has prospered for 150 years.

### Refers to Valgren Endorsement

Mr. Falk quoted V. N. Valgren of the United States department of agriculture as stating that more farm mutual companies are needed, particularly in the south.

He said there was recently organized in New York the Consumer Mailorder Cooperative which charges a fee for membership and then volunteers to purchase practically any article of merchandise at a discount of from 33 1/3 to 50 percent.

Mr. Falk cited some evidence indicating that the cooperatives traffic in inferior goods. Old fashioned competition, through complaint and comment, insures quality and improvement in consumer goods, he said.

The insurance people are more vitally concerned in the consumer-cooperative movement than is the average business man, he said. The insurance business should be in the forefront of any campaign to defeat the cooperative principle.

Dean Perry, Minnesota state agent of Fire Association, gave an address in animated style that made a hit.

Karl W. Fischer, Iowa safety commissioner, spoke briefly.

Invitations were presented from Des Moines and Cedar Rapids for the 1940 convention.

### Get Cause Before the Mayors

The Business Development Office and the Western Underwriters Association are perfecting plans to have the cause of stock insurance strongly set out and the idea of municipal self-insurance opposed at the annual meeting of the American Municipal Association in October. W. A. McGraw, mayor of Flat River, Mo., who is a local agent for stock companies, is leading the movement to have stock insurance interests well represented. The B. D. O. has requested field men's organizations to get together a list of local agents who are municipal officers or aldermen and the names of agents that are mayors of cities of 10,000 population or more.

C. K. Reilly, general agent in the eastern department of the National Union Fire, is again at his office in Newark, following an extended absence due to illness.

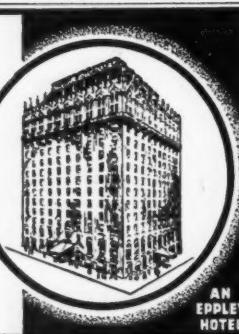
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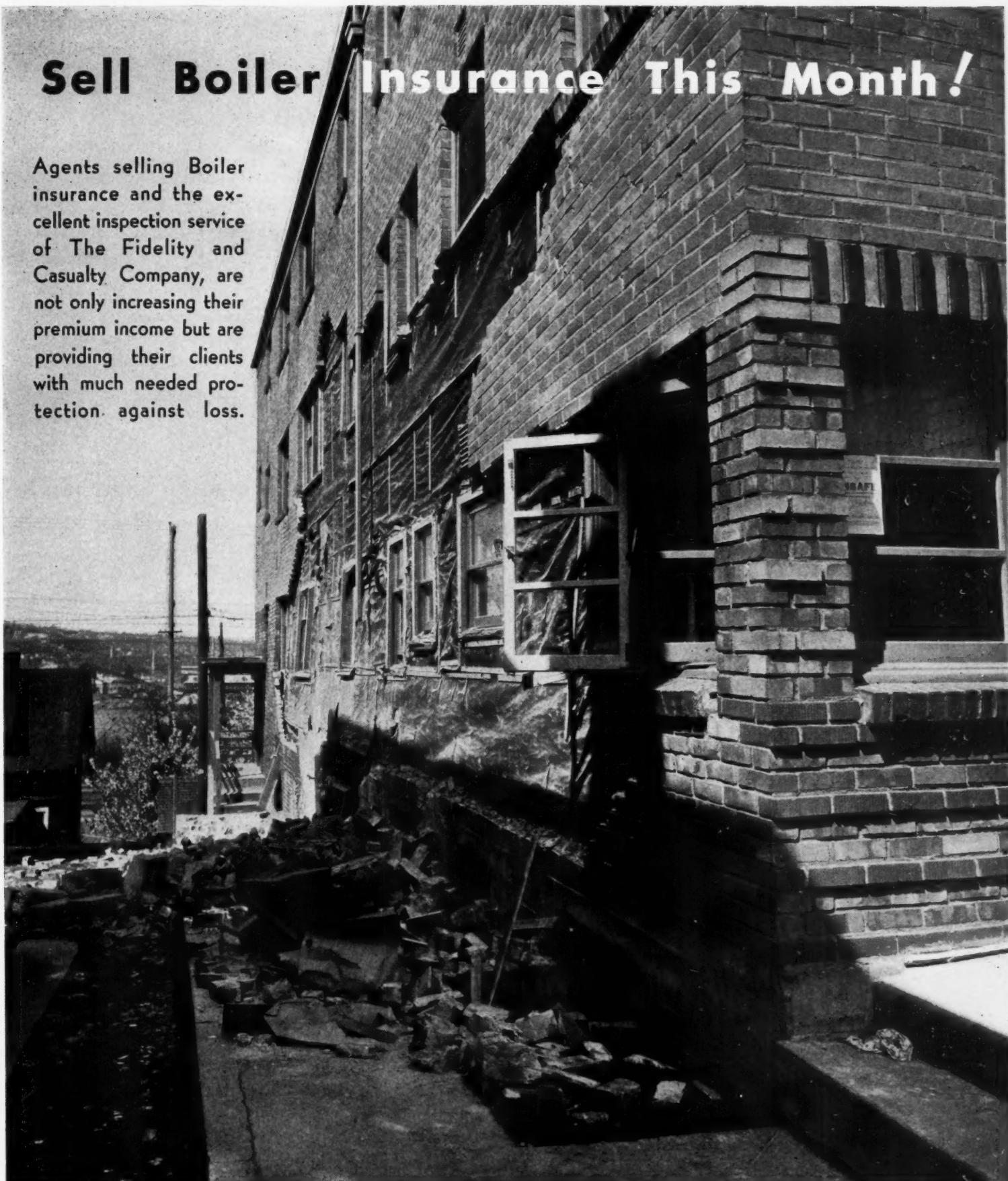


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